1962

Comparison of merchandising, sales promotion methods and operating results in service station operation; neighborhood versus highway types

BOSTON UNIVERSITY

College of Business Administration

THESIS

COMPARISON OF MERCHANDISING, SALES PROMOTION METHODS AND OPERATING RESULTS IN SERVICE STATION OPERATION; NEIGHBORHOOD VERSUS HIGHWAY TYPES

by

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This thesis was prepared under my supervision and approval is hereby indicated.

Allen E. Beckwith

Professor of Marketing

First Reader

This thesis was read by me and is approved.

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Professor of Business Administration

Second Reader

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CHAPTER I

INTRODUCTION

The tremendous growth in the number of automobiles in our country and the federal highway building program with its freeways, toll-roads, non-access and limited-access highways has spawned a new type of gasoline service station. The increase in intercity and interstate super-highways with great distances between interchanges created a need for facilities which could handle huge volumes of traffic and provide products, services, maintenance and emergency assistance for the motoring masses and the insatiable appetites of their automobiles.

In this work the merchandising, sales promotion and operating methods now in use in service stations located on limited-access highways in eastern Massachusetts were investigated. Then the methods used by neighborhood stations were studied to determine whether there were differences and if so, w hat differences were substantial. Analyses were then made to determine the areas of strength or weakness and the possible steps toward improvement.

The start of the business of service stations, or filling stations as they were first called, goes back to the turn of the century. Controversy exists as to whether the first filling station, established apparently about 1908,

was at Vancouver, British Columbia, at Houston, or at Dallas, Texas.[1] Gulf Oil Corporation claim the world's first drive-in gasoline service station was opened in Pittsburgh, Pennsylvania, at the corner of Gaun Boulevard and St. Clair Street in 1913. This distinction has been claimed for other stations in Los Angeles, St. Louis, Dallas and elsewhere, but the evidence indicated that these were simply sidewalk pumps and that the honor for the first drive-in is that of Gulf and Pittsburgh. Gasoline sales at this first location averaged 1800 gallons daily after its first year of operation.[2] For contrast, Dun and Bradstreet showed a daily volume of 564 gallons for the typical service station in the United States in 1956.[3] Since those early days, the number of stations has increased rapidly. In 1960 there were over 213,000 throughout the United States.[4]

Service Stations represent the fourth largest retail market in the United States, following food, automobiles, and general merchandise outlets. In 1960 the total dollar volume of sales through service stations was 17.6 billion. National Petroleum News Factbook estimated that 1962 volume

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[1] Petroleum, the Story of an American Industry, American Petroleum Institute, (New York 1935), p.60.

[2] Craige Thompson, Since Spindletop, (Apparently published by Gulf Oil Corp. Pittsburgh 1951).

[3] Cost of Doing Business - Gasoline Service Stations, Dun & Bradstreet, Inc. (New York 1957).

[4] National Petroleum News Factbook (mid-May 1961), p. 175.

will exceed 19 billion, and predicted 1970 volume at 26 billion.[1]

From all indications the future of the service station business will continue unabated for many years to come. The federal government will spend more and more money in the future on continued expansion of the national highway system. Since 1956, they have completed 10,440 miles, while 14,158 are under way and 16,020 remain of the total designated system of 41,000 miles. In Massachusetts 197 miles have been completed, 119 are underway and 146 remain of the 463 miles designated.[2] As the nation's new roads unroll, petroleum marketers will have to be acutely sensitive to changing travel patterns. The methods for selection of sites for service stations will become more scientific. The art of financing stations will be a vital one. Merchandising methods will be keyed increasingly to two different types of outlets--the high-speed turnpike station and the neighborhood outlet. Secondary highway locations will be de-emphasized. Accent will be on effective one-stop service.[3]

Definitions

As a conclusion to this introductory material, it is fitting to include some explanation and definitive

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[1] Ibid., p. 175.

[2] Ibid., p. 157.

[3] National Petroleum News (August 1959), p. 115.

information on the scope of the investigation and the terminology.

For the purpose of this paper, highway type service stations are considered as those located on limited-access highways such as state route #128, the circumferential highway around Metropolitan Boston, the Massachusetts Turnpike and Boston's Northeast and Southeast Expressways. This type station derives its entire business from transient customers with little or none from any neighborhood located in the vicinity of the station but off the highway.

Neighborhood stations are considered to be those retail gasoline service stations located on other than limited-access highways where the majority of their business is derived from customers living in the vicinity of the station or who pass the station regularly in commuting between their homes and their places of business. Obviously a small amount comes from chance "passers by." They may or may not be located on U.S. or state numbered highways. No attempt is made to include garages, car dealers or gasoline retailers of the sidewalk-pump variety, who derive the major portion of their income from sources other than gasoline.

The highway stations considered in this work are all owned by the Massachusetts Turnpike Authority or the Massachusetts Department of Public Works. They are leased to major petroleum suppliers on a long term basis for

twenty-five years.[1] The suppliers sub-lease to individual dealers for a one, two or three year period.

The non-highway dealers can be broadly classified into three main categories. The first group of dealers own and operate their own stations. The second group lease the station from the supplier, who may own it or control it by means of a long term lease. The third group lease the station from others than the supplier. The National Petroleum News Factbook of 1958 shows that for the entire United States, twenty-one percent are owner-operated, sixty-four per cent are leased from suppliers and fifteen per cent are leased from others.[2] The requirement of an investment of between fifty and one hundred and fifty thousand dollars for a modern service station accounts for the predominance of the lessee-dealer arrangement.[3]

The term "merchandising" is probably more confusing than any other in the field of marketing. One definition that has become increasingly accepted is that of the authors Copeland and Learned as follows: "Merchandising is product planning. The job of merchandising is to ascertain the characteristics of the merchandise for which there is a

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[1] National Petroleum News Factbook (mid-May 1961), p. 158.

[2] National Petroleum News Factbook (mid-May 1958), p. 185.

[3] Interview with John R. Cadigan, Division Real Estate Agent, Texaco Inc., January 8, 1960.

potentially profitable demand, to prepare instructions for the manufacturing plant in order that it may be able to produce goods for which a demand exists, to aid in developing plans for promoting the sales, and to supervise various routine operations in connection with these activities. It includes the determination of what to make, how much, at what time, and at what price."[1] The Committee on Definitions of the American Marketing Association has defined merchandising as "The planning involved in marketing the right merchandise or service at the right place at the right time, in the right quantities, and at the right price."[2] Although there has been increasing acceptance of the term in this sense, the acceptance is far from universal. The usage recommended by the committee has the advantage that it adheres closely to the natural and essential meaning of the word. The activity described here might also be called merchandise, or product planning. Included in the activity are such tasks as selecting the article to be produced or stocked and deciding such details as the size, appearance, form, packaging, quantities to be bought or made, time of purchase of production and the price lines to be made or carried. For the purposes of this paper the latter definition will be used.

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[1]Paul H. Nystrom (ed.), Marketing Handbook (New York: The Ronald Press, 1958), p. 9.

[2]Journal of Marketing, American Marketing Association, October 1948, p. 211.

The term "sales promotion" is widely used in business but with a great deal of confusion. To some businessmen it means the entire selling and advertising function, to others only a minor activity related to either personal selling or advertising. Manufacturers may use the term differently from wholesalers, and wholesalers from retailers. The Definitions Committee of the American Marketing Association proposed the following two logical and commonly accepted usages of this term. "In a specific sense, sales promotion includes those sales activities that supplement both personal selling and advertising and coordinate them and help to make them effective, such as displays, shows and expositions, demonstrations, and other selling efforts. In a general sense, sales promotion includes personal selling, advertising and supplementary selling activities."[1] It is the consensus of the committee that in so far as possible the use of the term should be confined to the first of the two definitions given above.

The abbreviation "TBA" as used in the trade represents non-petroleum products such as tires, batteries and accessories. It does not include services such as chassis lubrication, washing, repairs, or road service.

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[1] Ibid., p. 214.

CHAPTER II

MERCHANDISING

In order to provide the right merchandise and services at the right place at the right time in the right quantities, and at the right price, service station dealers have many factors to consider. These involve the inventory needs by type of product with consideration given to storage requirements and sources of supply. In addition to these are the services for sale and the associated facilities. All are coupled with pricing considerations, an integral part of merchandising.

Products

The products carried in any retail outlet are, of course, fundamental to the success of a business operation. In our present investigation we break down our classification of products into, first of all petroleum products, which include motor fuels, automotive oils, automotive greases and other types of oils and grease products. Secondly we delve into non-petroleum products which can be further subdivided into two parts, one of which is automotive-allied products such as tires, batteries and automotive accessories. The other part is non-automotive allied products such as household goods, sporting goods and picnic supplies.

At the outset of a discussion of the merchandising of petroleum products, Table I, on page 10, shows a basic stock of petroleum products for a service center selling 15,000 gallons per month. A basic stock of tires and batteries with a suggested inventory of accessories and equipment for a station of this size are detailed in Tables II and III on pages 15 and 18. The variety of opportunities and differences in situations make it impossible to furnish suggested detailed inventories of non-automotive allied products.

Petroleum Products

Motor Fuels The petroleum products carried include first and foremost, motor fuels. In almost every case, service stations both on the highways and in the neighborhoods, handle the two primary types, namely regular or housebrand and premium or hightest. According to the National Petroleum News Factbook of May, 1962, sales of premium gasoline in the entire United States made up 30.6% of total gasoline sales in 1961.[1] For Metropolitan Boston, premium sales amounted to 36.7%.[2] Some suppliers provide a third grade or super premium. These are Cities Service with "100-Plus," Humble with "Golden Esso," and Jenney with "Royal Octane." In the past few months a few oil companies have replaced their super premiums with a third grade, economy gasoline, ostensibly to

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[1] National Petroleum News Factbook (mid-May 1962), p. 137.

[2] Ibid. p. 179.

TABLE I

PETROLEUM PRODUCTS

BASIC STOCK FOR SERVICE STATIONS

(Monthly Gallonage - 15,000)

3,000 gals.	Regular Gasoline	@$.239[1]		$ 717.00
2,000 "	Premium "	@$.274		548.00
5 cs.	24/1 qts.	Multi Vis. Motor Oil 10W-30	@$9.16	45.80
1 "	" "	Premium Motor Oil #10	@$7.36	7.36
5 "	" "	" " " #20	"	36.80
5 "	" "	" " " #30	"	36.80
1 "	" "	" " " #40	"	7.36
1 "	" "	Regular " " #10	@$5.81	5.81
2 "	" "	" " " #20	"	11.62
3 "	" "	" " " #30	"	17.43
1 "	" "	" " " #40	"	5.81
1 "	" "	" " " #50	"	5.81
5 cs.	6/5 qts.	Multi Vis. Motor Oil 10W-30	@$11.30	56.50
1 "	" "	Premium " " #10	@$ 9.05	9.05
5 "	" "	" " " #20	"	45.25
5 "	" "	" " " #30	"	45.25
1 "	" "	" " " #40	"	9.05
1 "	" "	Regular " " #10	@$ 7.05	7.05
2 "	" "	" " " #20	"	14.10
3 "	" "	" " " #30	"	21.15
1 "	" "	" " " #40	"	7.05
1 "	" "	" " " #50	"	7.05
2 cs.	4/2 gal.	Non Detergent Motor Oil #30	@$ 4.12	8.24
2 "	" "	" " " " #40	"	8.24
2 cs.	24/1 qts.	Automatic Trans. Fluid	@$ 8.56	17.12
2 "	6/1 "	" " "	"	17.12
3 "	24/15 oz.	Motor Detergent	@$16.00	48.00
1 "	36/4 oz.	Home Lubricant	@$ 5.04	5.04
1 "	36/4 oz.	Upper Cylinder Lubricant	@$ 3.60	3.60
1 "	24/1 qts.	Outboard Motor Oil #30	@$ 7.00	7.00
1 "	" "	" " " #40	"	7.00
1 1/120 lb.	Chassis Grease		@$21.00	21.00
1 1/120	Gear Grease		@$17.40	17.40
		Total		$1,818.30

[1]All prices are dealer's cost including taxes.

satisfy the needs of the compact cars, but also to try to recapture some volume lost to unbranded marketers.[1] Gulf has introduced "Gulftane" and Jenney, "Jentane." Sun Oil Company has recently been marketing five or six different grades of motor fuel through a so-called multi-grade pump.[2] With this type of dispenser, the station attendant can provide any one of six blends by merely changing the setting on the pump. In this way they provide two super premiums "250" and "260" as well as a subregular "190". Sun Oil Company, however, does not at present, have any turnpike outlets in this area. Private brand or unbranded outlets are becoming increasingly important in the community markets although there are none on any of the limited-access highways of Massachusetts. In Metropolitan Boston in 1956, there were 127 unbranded stations or 3.4% of a total of 3,743 outlets.[3] A survey by Texaco Inc., indicated that in 1961, 134 private brand dealers enjoyed 14.36% of the gasoline volume in the same area.[4]

As far as relative standings of the various brands are concerned, Mobile, Esso, Gulf and Texaco are the leaders. In 1956, Mobile had the greatest number of stations in

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[1] "Fighting Grades Spreading Swiftly," National Petroleum News, (September 1961), p. 61.

[2] James B. McNallen, "A New Concept in Gasoline Marketing," Journal of Marketing, American Marketing Association, XXII (January 1958), p. 273.

[3] See Table XXXIII

[4] Letter from Division Manager to District Managers, Texaco Inc., Chestnut Hill, Mass., March 13, 1962.

Massachusetts with 583, Esso had 453, Gulf 422, and Texaco 357.[1] The total sales of gasoline as shown by the Massachusetts state taxes paid in 1961, showed tha relative standings of the various petroleum companies.[2]

One cannot omit diesel fuel, which is so necessary to the trucking trade. All the highway stations investigated had diesel fuel but only a handful of neighborhood dealers found it worthwhile to carry it.

Lubricants In regard to automotive oils, most stations both in neighborhoods and on highways, carry four lines (indicated in Table I). Their best line is a high detergent, multi-viscosity type oil: their second or so-called premium line is also a high detergent type of oil under SAE viscosity classifications of 10, 20, 30, 40, and 50. These classifications are an indication of the oil's viscosity or fluidity and are classified according to the number of seconds required for a given quantity of oil to flow through a standard sized orifice. Therefore, the 10 is more fluid and the 50 more viscous. The third line is a non-detergent type of oil also falling under the SAE classifications of 10 through 50.

The fourth line or low price line is a non-detergent type oil in the SAE classifications from 10 to 50. It is usually packaged in a two gallon can or sold in bulk,

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[1]See Table XXXIII

[2]Ibid.

whereas the previously mentioned higher priced oils are generally packaged in sealed one-quart or five-quart cans. There have been some attempts to market these higher priced automotive oils at the island through specially designed dispensing equipment piped to underground storage, but to date, their success has been limited and the cost of dispensing equipment and piping installation has been a deterrent.[1]

The greatest percentage of motor oil sales appears to be in the two premium lines which account for slightly over 72% of the total. Just under 20% of sales are third line oils and the fourth line makes up about 8%.[2]

Various greases are carried in inventory by all service stations. Chassis grease is applied through high pressure air guns through fittings built into the car. This grease is rarely sold as grease itself, but instead, as part of a chassis lubrication or as it is often called, a "grease job." Gear grease is more fluid than the chassis grease type and is used in the differentials, conventional transmissions, and steering gear boxes. In addition there are used in servicing cars, a number of specialty types of automotive greases such as molybdenum greases for ball joints, graphite types for

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[1]Interview with Alan Crane, Merchandising Representative, Texaco Inc., February 1960.

[2]Texaco Inc., Sales figures, Boston District.

covered springs in older cars, water pump grease, cup grease, and wheel bearing grease. These too, are not sold as greases but are included as parts of service jobs.

In classification of other oils and greases, we include automatic transmission fluid, upper cylinder oils, flushing oils, detergent concentrates, outboard motor oils and greases, home lubricants, and even lighter fluid.

Non-petroleum Products

Non-petroleum products are becoming increasingly important to the service station dealer. They provide a larger share of sales income but, at the same time, a more complex inventory problem. Non-petroleum products have been classified into two categories: automotive allied, and non-automotive allied.

Automotive Allied

Tires Under automotive allied are first of all tires. Although Table II suggests a fairly reasonable minimum, a considerably larger investment can evolve because of the variety in size, cord, and grades. There are new and used tires as well as retreads and snow tires. There are original equipment quality as well as premium quality, super premium and low priced tires. In each of the above there are Nylon, Rayon and Tyrex cords. In addition there are tube type and tubeless, white-wall and black-wall. Then there is the matter of wheel diameter or rim sizes such as 13", 14", 15" and 16". Another variation is in the horizontal

TABLE II

TIRES AND BATTERIES

BASIC STOCK FOR SERVICE STATIONS

(Monthly Gallonage - 15,000)

Tires[1]

2	6.70-15	Black Rayon Tube Type	@$10.50	$ 21.00
2	7.50-14	" " Tubeless	@$14.95	29.95
2	6.00-13	" Nylon "	@$13.50	27.00
2	7.50-14	" " "	@$15.88	31.76
2	8.00-14	" " "	@$16.88	33.76
2	6.40-15	" " "	@$13.90	27.80
2	6.70-15	" " "	@$13.75	27.50
2	7.10-15	" " "	@$14.75	29.50
2	7.60-15	" " "	@$16.25	32.50
2	6.00-13	Whitewall Ny. "	@$16.50	33.00
2	7.50-14	" " "	@$19.80	39.60
2	8.00-14	" " "	@$19.90	39.80
2	8.50-14	" " "	@$21.50	43.00
2	6.70-15	" " "	@$19.80	37.60
2	7.60-15	" " "	@$19.90	39.80
				$493.52

Batteries

2 6 volt	@$11.90	23.80
4 12 volt	@$15.85	63.40
		$87.20

[1]All prices are dealer's cost including taxes.

Source: Merchants Distributors (B. F. Goodrich, Boston, Mass.

diameter of the cross section of that portion of the tire between the wheel rim and the road, with eleven different sizes running from 5.50 to 8.50 inches. There are said to be over 50 different tires in the 6.70/15 classification made and marketed under one brand. This is without even considering truck tires, farm equipment tires or special tires for foreigh sports cars or trailers.[1]

Batteries A second major type of product carried in the non-petroleum category is batteries. Although the typical local station generally carries only the limited inventory indicated in Table II, they have quick access to three price lines. The original equipment grade or its equivalent is the best mover, but there is also the premium or heavy duty and then the lower quality type for the price buyer. They stock either the original equipment grade or lower price grade depending on their demand.

Batteries are also divided into voltage classifications; six volts for the older cars and twelve volts for the newer ones. The change to a higher voltage in the newer cars was due to the heavier demand being put on the batteries by an increase in the number of lamps per car plus added electrical units such as radios, heaters, cigarette lighters, power windows and power seats.

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[1]Interview with A. A. Mulley, Petroleum Company Representative, Firestone Tire and Rubber Co., March 1960.

There are also differences such as the wet charge battery and the dry charge. In a wet charge battery the electrolyte is added at the time of manufacture and if the battery is not sold and put into service within a short time, it must be recharged before it can be used. In some cases the battery is connected to what is called a trickle charger while it is on the shelf and a full charge is then maintained until the battery is ready to be installed for use in a car. The dry charge battery is different in that there is no electrolyte in the battery while it is on the shelf. When the battery is sold, the electrolyte is installed and the consumer gets a fresher battery.

Automotive Accessories The area of automotive allied accessories covers a great number of different items as illustrated in the suggested stock shown in Table III on page 18. However, we shall try to confine our discussion to the best selling items in this category.

One of the leading items from which dealers get revenue is oil filters. The dealer removes a throw-away type filter from its housing and replaces it with a new filter cartridge. Car manufacturers generally recommend that the filter be changed every 5,000 miles more-or-less, depending on driving conditions encountered. For the sale of this product, the neighborhood station is in a more favorable position than the highway type. When a motorist is planning a trip, he generally will have this service taken care

TABLE III

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

~~Page 1 of 11~~
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SERVICE STATION SUGGESTED INVENTORY OF ACCESSORY & EQUIPMENT

Dealer Name _____

Address _____

City _____

ANCO PRODUCTS	_____
CHAMPION SPARK PLUGS	_____
GENERAL ELECTRIC LAMPS	_____
RAY-O-VAC BATTERIES	_____
BUSS FUSES	_____
BFG FAN BELTS	_____
BFG HEATER & RADIATOR HOSE	_____
IDEAL HOSE CLAMPS	_____
FRAM FILTERS: Fuel _____ Oil _____ Air _____	_____
STANT: Radiator _____ Gas _____ Oil Breather _____	_____
PACKARD WIRE & BATTERY CABLES	_____
BFG MICRO-PRECISION WHEEL BALANCE	_____
TIRE REPAIR MATERIALS	_____
DILL TIRE VALVES & ACCESSORIES	_____
MISCELLANEOUS BATTERY EQUIPMENT, ETC.	_____
DELCO-REMY IGNITION	_____
CARBURETOR KITS _____ (Rochester)	_____
SUPERIDE SHOCK ABSORBERS	_____
THERMOSTATS _____	_____
	$ _____

TERMS: _____

_____ Payments

PROCESS THROUGH:

Delivery Date _____

Credit Dept. _____

Order Dept. _____

Warehouse _____

Billing Dept. _____

Sales Manager _____

File Clerk _____

Buyer's Signature _____

For (Name of Business) _____

MERCHANTS SALESMAN _____

Date _____

5.62 1C B1

SUGGESTED DEALER STOCK

DELCO REMY IGNITION
APPROXIMATE DEALER NET PRICE

A = SMALL STOCK FOR A150A CABINET — 56.24
37 PART NUMBERS OR 58 PIECES

CONTENTS = CONTACT SETS - CONDENSERS - ROTORS
FOR POPULAR APPLICATION

B = AVERAGE STOCK FOR DEALER FOR #A-1055 CABINET — 211.53
80 PART NUMBERS OR 160 PIECES
(A150A IGNITION CABINET MAY BE INCLUDED IF DESIRED)

CONTENTS = INCLUDES ITEMS IN A" STOCK PLUS:
DISTRIBUTOR CAPS - REGULATORS - COILS -
BRUSH SETS - STOP LITE SWITCHES AND
RESISTANCE UNITS

C = LARGE SERVICE STOCK FOR A1057 CABINET — 342.36
85 PART NUMBERS OR 246 PIECES

CONTENTS = INCLUDES A "PLUS B" STOCK WITH
ADDITIONAL COVERAGE

SUMMARY OF RECOMMENDED STOCKS

	APPROXIMATE DEALER NET TOTAL		
STOCK:	A	B	C
CABINET:	A150A	A1055	A1057
CONTACT, CONDENSERS, ROTORS	56.24	89.55	150.77
DISTRIBUTOR CAPS		20.52	29.78
REGULATORS (INCLUDING CORE CHARGES)		65.08	101.85
IGNITION COILS		13.71	28.43
GENERAL BRUSH SETS		6.14	12.28
STOP LITE SWITCHES		10.55	10.19
RESISTANCE UNITS		5.98	9.06
APPROXIMATE GRAND TOTAL NET	56.24	211.53	342.36

NOTE: Recommended stocks are based on combination of registration and movement as known and can be adjusted for individual dealer requirement.

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

May 1, 1962

DELCO-REMY IGNITION PARTS

ORDER	CONTACT SETS		INV	A	B	C
	A100P	1.08		2	2	2
	A101P	1.08		2	2	4
	A102P	1.08		2	2	2
	A103P	2.16		2	3	5
	A104P	1.08		2	3	5
	A106P	2.16		1	1	1
	A113P	1.08		1	1	1
	F100PV	1.14		2	3	6
	F101PV	1.06		2	3	10
	F102PV	1.06		2	3	3
	C100PX	.81		2	2	2
	D100P	1.13		2	2	5
	D103P	1.32		2	3	10
	D104P	1.32		2	3	6
	D105P	1.27		2	5	5
	D106P	1.69		2	5	10
	D107P	1.35		1	2	2
	D108P	1.27		1	1	1
				32	46	78

A - 40.42
B - 59.79
C - 99.99

ORDER	DISTRIBUTOR CAPS		INV	A	B	C
	A302	1.08			1	1
	A303	1.40			1	1
	A304	1.35			1	1
	F300	1.31			1	2
	F301	1.39			1	2
	F302	1.39			1	1
	C300	1.00			1	1
	C301	1.35			1	1
	D301	1.32				1
	D305	1.80			1	2
	D306	1.32			1	2
	D307	1.38			1	1
	D308	2.12			1	2
	D310	2.12			1	1
	D312	1.51			1	1
					14	20

B - 20.52
C - 29.78

CONDENSERS					
A202	.54		2	5	7
A204	.54		2	3	3
A205	.54			1	2
F200	.50		2	5	12
F201	.50		2	3	7
F202	.50		2	3	3
D200	.56		2	3	15
D203	.56		2	4	10
D204	.56		2	4	10
D205	.56		1	1	2
			17	32	71

A - 9.08
B --17.08
C - 38.20

ROTORS					
A400	.41		1	2	3
A401	.49		1	2	1
A402	.38		1	2	1
A403	.43		1	2	1
F400	.36		1	2	2
F401	.36		1	3	4
C400	.38		1	2	1
D400	.42		1	2	3
D401	.50		1	1	1
D403	.66		1	1	2
D405	.42		1	2	3
D407	.47		1	2	2
D409	.77		1	2	2
D411	.69		1	2	1
			14	27	27

A - 6.74
B -12.68
C -12.58

CABINETS
A 150
A1055
A1057
A1059

IGNITION COILS				
U500 (12V)	4.19		1	1
U501 (12V)	5.20			1
U502 (6V)	4.76		1	2
D500 (12V)	4.76		1	2
			3	6

B - 13.71
C - 28.43

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

DELCO-REMY IGNITION PARTS

ORDER	VOLTAGE REGULATORS *		INV	A	B	C
	A600M	7.23			1	1
	A602M	7.23			1	2
	A605M	7.23			1	1
	F600M	5.93			1	1
	F601M	5.93			1	2
	F605M	7.92			1	1
	D606	7.87				1
	D617	7.87			1	2
	D618	7.87			1	2
	D621	7.87			1	1
					9	14

B - 65.08
C - 101.85

* Includes 75¢ core charge

GENERATOR BRUSH SETS

A700	.46		2	4
F700	.31		2	4
C700	.76		2	4
D700	.50		2	4
D704	.50		2	4
D705	.54		2	4
			12	24

B - 6.14
C - 12.28

STOPLITE SWITCHES

4765	.61		1	2
4766	.52		2	3
4767	.61		2	1
4769	.58		2	1
4770	.63		2	2
D850	.61		1	2
D851	.91		1	1
D852	.91		2	1
D860	.96		2	2
			15	15

B - 10.55
C - 10.19

ORDER	RESISTANCE UNITS		INV	A	B	C
	A1100	.86			1	2
	A1101	.84			1	1
	C1100	1.20			1	1
	F1100	.86			1	1
	F1101	1.20			1	2
	D1110	1.02			1	2
					6	9

B - 5.98
C - 9.06

THERMOSTATS

	SUMMER	WINTER		
4	106P	108P	1.50 ea	6.00
4	146P	148P	1.63 ea	6.52
4	276P	278P	1.63 ea	6.52
				19.04
1	AH GASKET ASST.			1.39
		TOTAL		20.43

SUPERIDE SHOCK ABSORBERS "B STOCK"

2	H200	
2	H201	
2	H202	
2	H204	
2	H206	
2	H207	
2	H208	
2	H209	
2	H210	
2	H211	
2	H212	
2	H218	
2	H219	
2	H222	
2	H231	
30	Shock Absorbers @ 5.25	157.50

MERCHANDISERS

1	A505 Service Tool	1.40
1	A501 Cart	17.95

CARBURETOR KITS

See United Delco suggested DCR stock in TBA Manual

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

ANCO PRODUCTS

TURTLEBACK BLADES			
4	12"	2.22	8.88
4	13"	2.40	9.60
2	15"	3.30	6.60
1	16"	3.60	3.60
1	18"	4.20	4.20
CLEARFLEX BLADES			
1	10"	1.98	1.98
2	11"	1.98	3.96
2	12"	1.98	3.96

WIPER ARMS			
2	6-3/4"x10½"	1.20	2.40
4	10"x14" (DH)	1.65	6.60
2	10"x14" (SH)	1.65	3.30
1	14"x19" (DH)	2.61	2.61
1	14"x19" (SH)	2.61	2.61
TURTLEBACK REFILLS			
1	12"	1.32	1.32
1	13"	1.44	1.44
2	15"	2.16	4.32
1	16"	2.22	2.22
1	18"	2.34	2.34
		TOTAL	71.94

MISCELLANEOUS ANCO PRODUCTS

1	Serviseller Cabinet (Deposit)		36.00
1	Serviseller Stand (Deposit)		36.00
	Cabinet and stand are at no charge if part of order of above Anco Products		
12	Winshield Wiper Solvent	.39 ea	4.68
1	Anco Skin Cleanser (2 lbs)		.66
1	Anco Chrome Dispenser		2.70

CHAMPION SPARK PLUGS

20	F11Y	.63	12.60	10	J9Y	.63	6.30
20	F14Y	.63	12.60	20	J12Y	.63	12.60
10	H10	.63	6.30	20	J18Y	.63	12.60
10	H11	.63	6.30	10	UL15Y	.63	6.30
10	J11	.63	6.30	10	UN12Y	.63	6.30

14 BOXES SPARK PLUGS 88.20

B F GOODRICH CURV-IT RADIATOR HOSE

1	1206	.97	1	1211	1.40	1	1314-2	1.40	1	1317-20	1.40
1	1306	.97	1	1311	1.40	1	2014	1.40	1	2017	1.40
1	1107	.97	1	1212	1.40	1	1115	1.40	1	1319	1.40
1	1208	.97	1	2012	1.40	1	1215-13	1.40	1	1220	1.40
1	1109	.97	1	1313	1.40	1	1216	1.40	1	1220-13	1.40
1	1309	.97	1	1214	1.40	1	1316	1.40	1	1323	1.40
						1	1217	1.40			

25 B G GOODRICH CURV-IT HOSE 18.42

IDEAL HOSE CLAMPS

10	5612	2.00	10	5636	2.20
10	5620	2.00	10	5648	2.40
10	5628	2.10	1	5604	Asst. 20.82

IDEAL HOSE CLAMPS 31.52

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

GENERAL ELECTRIC LAMPS

6 VOLT						12 VOLT					
10	51	.84	10	1129	1.93	10	.53	.84	10	1003	1.93
10	55	.84	10	1154	2.45	10	57	.84	10	1004	1.93
10	63	1.09	10	1158	2.45	10	67	1.09	10	1034	2.18
10	209	1.93	10	PR-2	1.20	10	89	1.09	10	1073	1.93
10	210	1.93				10	90	1.36	10	1141	1.93
						10	211	2.45	10	1176	2.45

210 GENERAL ELECTRIC LAMPS 34.68

SEALED BEAM

4	6006	(6V)	1.35	5.40	2	4001	(12V)	1.16	2.32	
4	6012	(12V)	1.35	5.40	4	4002	(12V)	1.16	4.64	

14 SEALED BEAM G. E. LAMPS 17.76

48 RAY-O-VAC FLASHLIGHT BATTERIES 2LP 6.24

BUSS FUSES

2	SFE 4	.15	.30	2	SFE 20	.13	.26	2	AGC 10	.14	.28
2	SFE 6	.15	.30	2	SFE 30	.17	.34	2	AGC 15	.14	.28
2	SFE 7½	.14	.28	2	AGA 3	.19	.38	2	AGC 30	.17	.34
2	SFE 9	.14	.28	2	AGA 5	.17	.34	1	200 Asst.		5.92
2	SFE 14	.13	.26								

BUSS FUSES 9.56

B. F. GOODRICH FAN BELTS

1	10W	1	21W	1	30W	1	40W	1	50W
1	11W	*1	22W	1	31W	1	41W	1	51W
1	12W	1	23W	1	32W	1	42W	1	52W
1	13W	1	24W	1	33W	1	43W	1	53W
1	14W	1	25W	1	34W	1	44W	1	60W
*1	15W	1	26W	1	35W	1	45W	1	62W
1	16W	1	27W	1	36W	1	46W	1	63W
1	17W	1	28W	1	37W	1	47W	1	76W
1	18W	1	29W	1	38W	1	48W	1	86W
1	19W			1	39W	1	49W	1	100W
								1	168W

* Denotes more popular and/or dual belts.

52 B. F. GOODRICH FAN BELTS @ 1.30 67.60

B. F. GOODRICH HEATER HOSE

1	Length (50'-0)	5/8"	THERMO - Insulated Hose	9.25
1	" "	3/4"	" " "	7.45

B. F. GOODRICH HOSE 16.70

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

FRAM FUEL LINE FILTERS

1	PG2-1PL	1.10	1	PG2-4PL	1.10	1	CG3	.84
1	PG2-2PL	1.10	1	PG3PL	1.19	1	CG4	1.08
1	PG2-3PL	1.10	1	PG4PL	1.24	1	CG20BPL	.90
			1	PG5PL	1.24			

10 FRAM FUEL LINE FILTERS 10.89

FRAM OIL FILTERS

1	C-3	1.13	1.13	1	PB-1/2	2.17	2.17
2	C-4	1.21	2.42	1	PB-50	2.01	2.01
2	CH-6PL	1.32	2.64	1	PH3	1.90	1.90
1	CH-15PL	1.13	1.13	1	PH4	1.90	1.90
4	C-21	1.32	5.28	2	PH5	2.17	4.34
1	CH-105PL	1.73	1.73	3	PH8	1.90	5.70
4	CH106PL	1.73	6.92	2	PH10	2.17	4.34
2	CH-107PL	1.57	3.14	1	PH11	2.12	2.12
1	C-134A	1.12	1.12	1	PH13	2.17	2.17
1	CH-192PL	1.64	1.64	1	PH14	2.12	2.12
2	CH-200PL	1.57	3.14				
2	C-233PL	1.13	2.26				
2	CH-236PL	1.13	2.26				

39 FRAM OIL FILTERS 63.58

FRAM AIR FILTERS

2	CA-6	.47	.94	1	CA-160PL	2.37	1	CA-177PL	2.89
*1	CA-101PL		1.64	1	CA-162PL	2.37	1	CA-178PL	3.80
1	CA-102PL		1.86	1	CA-163PL	2.37	1	CA-179PL	2.23
1	CA-143PL		2.37	*1	CA-164PL	2.37	1	CA-180PL	2.89
*1	CA-144PL		2.37	1	CA-165PL	2.37	1	CA-181PL	2.89
*1	CA-146PL		2.37	1	CA-169PL	3.24	1	CA-182PL	3.44
1	CA-147PL		1.90	*1	CA-170PL	2.10	*1	CA-184PL	2.37
1	CA-148PL		2.02	*1	CA-173PL	2.89	1	CA-187PL	2.89
*1	CA-150PL		2.37	1	CA-174PL	2.89	1	CA-188PL	3.21
1	CA-153PL		2.37	*1	CA-176PL	2.89	1	CA-189PL	1.96
*1	CA-154PL		2.37						
*1	CA-160PL		2.37						

33 FRAM AIR FILTERS 79.38

* Suggested inventory, 11 Filters

MISCELLANEOUS

1	115007 Tubing Cutter	1.50
1	AH1477 Sludge Syphon	1.25
1	AH1478 Vise-Grip Filter Tool	2.75
1	AH1453 3X5 Filter Banner	2.50
1	D-2 Oil Filter Rack (includes 2 PH13 filters n/c)	7.90
1	D-3 Portable Inspect-O-Scope (includes 1 CA164PL n/c)	3.95
1	2584 Portable Inspect-O-Scope	6.75
1	D-27 Air Filter Rack(includes 2 CA154PL n/c)	7.90

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

AUTOMOTIVE CHEMICALS - DUPONT

POLISH AND WAX

3	#7 Polish	.85	2.55	
3	Car Wash (Powder 1/2#)	.50	1.50	
1	Car Wash (Powder 4#*	2.70	2.70	
3	Glow Wash (Liquid)	.57	1.71	
3	New Car Wax	1.10	3.30	
3	Chrome Polish	.45	1.35	
3	Shield	.92	2.76	
3	White Wall Cleaner (pts)	.63	1.89	
1	White Wall (Gals)	2.59	2.59	
3	White Polish Compound	.56	1.68	
3	Rubbing Compound	.56	1.68	
3	Dissolvo	.66	1.98	
3	Jet Clene	.70	2.10	
3	2 for 1 Polish	.56	1.68	
3	Wax wash	.70	2.10	
3	De-Icer	.63	1.89	

SERVICE CHEMICALS - DUPONT

3	Cooling System Cleaner	1.00	3.00	
6	Cooling System Sealer	.57	3.42	
6	Liquid Anti-Rust	.57	3.42	
3	Heavy Duty Stop Leak	1.00	3.00	
6	Gas Guard	.36	2.16	
3	Fast Flush Cleaner	.57	1.71	
6	MOA Additive	.84	5.04	
6	Brake Fluid (7or 3) 12 oz	.50	3.00	
2	Brake Fluid (7or 3) 1 gal)	4.48	8.96	
1	Moisture Guard	.98	2.94	
1	Glass Cleaner & Dispenser (qt)	1.97	1.97	
	TOTAL AUTOMOTIVE CHEMICALS - DUPONT			72.08
1	Brake Fluid (5 gal)	21.27		

RUBBER LUBRICANT

1	Ruglide (Clear)(gal)	2.15	2.15	
1	Ruglide Service Kit	4.95	4.95	7.10

MISCELLANEOUS

3	Transeal 6 oz	1.17	3.51	
3	Dupont Sponges 9AW	.43	1.29	
3	Lamb's Wool Wash Mitts	.99	2.97	
1	Rymple Cloth Asst. (12)	3.48	3.48	
3	X66 Rochester Carburetor Cleaner	1.77	5.31	
1	X66D Rochester Carburetor Cleaner Dispenser	1.85	1.85	18.41

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

STANT RADIATOR PRESSURE CAPS - REGULAR TYPE

2 R-5	2 R-9	2 R-14
2 R-6	2 R-12	2 R-15
2 R-8	2 R-13	2 R-16
		2 R-17

20 STANT RADIATOR PRESSURE CAPS @ .34 16.80

1 STANT RADIATOR PRESS CAP ASSORTMENT PRA-500 13.44

1 STANT COOLING SYSTEM TESTER ST-255 19.95

STANT RADIATOR PRESSURE CAPS - LEV-R-VENT TYPE

2 SP-8	2 SP-12	2 SP-15
2 SP-9	2 SP-13	2 SP-16
	2 SP-14	2 SP-17

16 STANT RADIATOR PRESSURE CAPS @ 1.11 17.76

1 STANT RADIATOR PRESSURE CAP ASST. SPA-900 13.32

STANT GAS CAPS - REGULAR TYPE

2	G-20	.42	.84	2	G-37	.36	.72
2	G-22	.51	1.02	2	G-38	.30	.60
2	G-30	.30	.60	2	G-39	.30	.60
2	G-31	.30	.60	*1	G-24	1.35	1.35
2	G-36	.30	.60	*1	G-27	1.35	1.35

* Small Car gas caps

18 STANT GAS CAPS 8.28

STANT OIL FILLER CAP REPLACEMENTS

2	SO-61	.84	1.68	2	SO-67	.91	1.92
2	SO-63	.87	1.74	2	SO-68	.81	1.62
2	SO-64	.81	1.62	2	SO-69	.81	1.62
2	SO-66	.27	.54				

14 STANT OIL FILLER CAP REPLACEMENT 10.74

1 X605 STANT RACK WITH FREE OIL CAPS 2.80

1 X600 STANT RACK WITH FREE RADIATOR CAPS 3.70

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

PACKARD BATTERY CABLES

1	5L9	.83	1	1L27	1.55
1	5L16	1.08	1	1L34	1.80
1	5L26	1.75	1	1L41	2.10
1	1L12	1.15	1	CP35	1.75
1	1L16	1.25	1	ST24	.95
1	1L19	1.25	1	CP50	1.95
1	1L23	1.50			

13 PACKARD BATTERY CABLES 18.91

WIRE

1	100 ft Roll #440 PACKARD WIRE (HIGH TENSION CABLE)	6.50	
1	100 ft Roll #952 PACKARD WIRE (LOW " ")	2.75	
1	#4000 Terminal Assortment	8.80	18.05

B. F. GOODRICH MICRO-PRECISION WHEEL BALANCER

1	M-60 MICRO-PRECISION WHEEL BALANCER DEAL-COMPLETE	99.95	
1	PM-101 MICRO-PRECISION WHEEL ADAPTOR	16.95	116.90
	1 required for Volkswagen and Porsche Wheels		

B. F. GOODRICH WHEEL WEIGHTS

REGULAR

Size	A	$\frac{1}{2}$	oz	1 Box (224 weights)	11.20
"	B	$1\frac{1}{2}$	"	1 " (180 ")	11.75
	C	$2\frac{1}{2}$	"	1 " (116 ")	9.54 32.49

SPECIAL

Size	A	$\frac{1}{2}$	oz	1 Box (50 weights)	2.98
"	B	$1\frac{1}{2}$	"	1 " (34 ")	3.00
"	C	$2\frac{1}{2}$	"	1 " (24 ")	2.98 8.96

B. F. GOODRICH TIRE REPAIR MATERIAL

6	Tube repair Kit	4	.19	1.14	
1	B. F. G. Chemical Patch Kit - Complete	33-275		14.75	
1	Chemical Patch - Small Round (40)	33-276		1.35	
1	" " - Medium " (30)	33-277		1.75	
1	" " - Large " (20)	33-278		1.95	
1	" " - Oblong " (30)	33-279		1.75	
1	" " - Large Oval (20)	33-280		2.15	
1	2 Ply Nylon Repair Unit 4" Round (10)	33-281		2.95	
1	Chemical Vulcanizing Cement (1)	33-282		1.15	
1	Chemical Pre-Buff Cleaner (1)	33-283		1.45	30.39

1 GROSS TUBELESS TIRE REPAIR KIT 340 19.80

5.62 1C B1

MERCHANTS DISTRIBUTORS, INC.
1299 Boylston Street, Boston, Mass.

TIRE VALVES AND RELATED ITEMS

10	T13R-10 VALVES			4.10
10	T23R-10 "			5.30
10	T25R-10 "			4.95
20	T151R-10		4.10 ea	8.20
5	VS902CR-5			3.40
100	Valve Insides VI-100AA			7.00
100	Valve Caps (screw driver)	#643		3.50
100	Valve Caps (dome type)	#655		3.45
1	Tread Depth Guage			.72
1	Schrader Tbl Mounting Tool	#992		2.00
1	Electric E-Z Buffer	#5235		17.95
1	Metal Disc for Buffer	#5232		1.30
1	Valve Pak	#5253		8.20
1	Valve Pak Dispenser	#5254		18.00
1	Valve Pak	#5258		18.00
10	6241M Valve Extensions			1.83
10	6241G Valve Extensions			2.10
1	Service Tire Guage	#7707L		4.90
1	Pencil Guage	#7213		1.75
1	Valve Fishing Tool	#8909		.50

DILLECTRIC MATERIALS

1	Complete "U" Camp Outfit	#6690K	14.80
1	Dillectric Vulcanizer	#6685	9.50
20	Large Diamond Patches	#6605-20	1.98
40	Small Diamond Patches	#6606-40	1.85
40	Small Round Patches	#6611-40	1.90
25	Small Square Nylon Patches	#6626-25	1.60
1	Threading Tool Tbls Tires	#5213	.98
20	Large Square Nylon Patches	#6629-20	2.90

MISCELLANEOUS EQUIPMENT AND MERCHANDISERS

1 Battery Charger Make_____ Model_____ Price _____

1 Battery Tester #EX 93 " _____

1 Safe-T-Sern Automatic Battery Filler BF-1 " 5.95

1 Battery Syringe Hydrometer #27150 " 1.50

1 Dupont Outdoor Display Rack with Plastic Door(includes 12 New Car Wax n/c) " 24.00

1 M1-103 Generator Regulator Tester Tire Machine

Make ____ Model ____ Price 17.95

5.62 1C B1

of before leaving, thus eliminating the need for a change while enroute. Sometimes, however, the dealer, who is not alert to his customers' needs, misses the opportunity to replace this item. The highway dealers appear to be much more alert for such opportunities.

Fan belts are another leading accessory item. Here the highway dealers are ahead of the neighborhood dealers. A factor that favors the highway dealer in selling this item is the distance between stations. When an attendant uncovers a frayed or worn fan belt, he calls it to the attention of the driver and points out the fact that there are long distances between stations and driving after a fan belt has broken could overheat and ruin an engine. In addition, if the driver has to call for a service truck to go out and fix it on the road, the service charge is a great deal more in comparison to the cost of the belt, and there is the added inconvenience and delay.

Some of the other items which fall into the category of automotive allied accessories are spark plugs, heater and radiator hoses, thermostats, anti-freezes (permanent and alcohol), radiator caps, fuses, bulbs, battery cables, battery hold-downs, points and condensers, voltage regulators, mufflers and tail pipes, brake linings, polishes, polishing cloths, radiator cleaners and sealers, mirrors, mats and windshield wipers. In the sale of these, the neighborhood dealer seems to have a greater advantage. He can pick up the

customer's car when it is not needed or have the customer leave the car at the station all day. At that time he has the opportunity to check the car over from bumper to bumper, and uncover any replacement or repair needs. Since the dealer generally can call the customer on the telephone, he can obtain the authority to handle the pressing needs of the car immediately or arrange an appointment to make other repairs and replacements as time and budgets will allow.

A further point of consideration is that the neighborhood dealer in most cases has more time than the highway dealer who gets his customers "on-the-go." Because of this, the neighborhood man does not have to carry such a widely diversified and deep an inventory as the highway dealer. In the neighborhood, accessories can be picked up locally whereas the highway dealer might have to drive 50 miles to his supplier.

Non-automotive Products

Non-automotive allied products carried by dealers fall into the classifications of (a) customer convenience items such as cigarettes, candy, and cold drinks; (b) household goods such as flashlights, sponges, brooms, rakes and lawn mowers; (c) sporting goods such as fishing equipment, outboard motors, boats, trailers, guns and ammunition; (d) picnic supplies such as charcoal, grills, coolers, camp stools,

cushions, blankets, and ice.[1] The stocking of items in the above categories depends to a great extent on the location of the station, and also the personal preferences and talents of the individual dealer whether he runs a highway station or a neighborhood station.

Inventory Requirements

The inventory requirements of the service station depend primarily on such factors as volume of business, turnover, diversity of demand, suppliers' speed of delivery, and financing. To a lesser extent, they depend on seasonal factors, storage facilities, and permits.

Service stations on the whole turn their inventory at a faster rate than almost any other type of retail establishment. National Petroleum News Factbook shows an inventory turnover figure of from 14.2 for small stations to 29.1 for larger stations.[2] Dun & Bradstreet, Inc., shows that in 1956, the typical dealer had an inventory turnover of 21.3 for all merchandise. Gasoline, however, had a turnover of 37.9, while all other merchandise turned over 9.5 times.[3] The combined rate being so high is due to the fact that sales of gasoline make up from 70 to 80 per cent of gross sales in

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[1] "Non-automotive Goods Bring Profits," Super Service Station, Vol. 57, No. 3, March 1958.

[2] National Petroleum News Factbook (mid-May 1959), p. 189.

[3] Cost of Doing Business - Gasoline Service Stations, Dun & Bradstreet, Inc. (New York 1957).

the average station.

In Dun & Bradstreet's "Cost of Doing Business," it was shown that the average inventory investment in 1956, was $2,214.33 for stations with annual net sales volume under $50,000; $2,380.54 for volumes from $50,000 to $75,000; $3,463.72 for volumes from $75,000 to $125,000; and $4,260.48 for volumes over $125,000.[1]

According to Merchants Distributors, the Boston supply point for B. F. Goodrich dealers, and Texaco Inc., the typical service station inventory includes about $1,800.00 in petroleum products and $1,500.00 in tires, batteries and accessories.[2]

Serv-A-Station of Massachusetts indicates that for highway stations on route 128, during 1961, the average inventory ran from $8,091.13 to $10,697.50. For the other station classifications as shown in Tables XXVI through XXX, they indicate that average inventories were $2,920.84 for stations in the 15,000 to 20,000 gallons-per-month group; $3,654.06 for those in the 20,000 to 25,000 group; $3,315.37 for the 25,000 to 30,000 group; and $3,639.54 for the 30,000 to 35,000 group.[3]

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[1] Ibid.

[2] See Tables I, II and III

[3] Serv-A-Station of Massachusetts, Stoneham, Mass.

The highway type station with its much larger volume of business, must carry a larger inventory. It is not unusual to find a single station located on a heavily traveled super highway selling as much gasoline in a single weekend as the average neighborhood station sells in an entire month. In the highway stations covered, monthly volumes ranged from 50,000 to 100,000 gallons, whereas in the neighborhood stations monthly volumes were from 17,000 to 30,000 gallons.[1] The highway type station is generally located outside of the metropolitan area and quite a distance from the suppliers' bulk storage facilities or warehouse. The neighborhood stations, on the other hand, are more often within the metropolitan area, much closer to their source of supply. Despite the distances involved, either type station can usually get deliveries of gasoline within twenty-four hours. Other products are usually delivered on a regularly scheduled weekly basis except for an occasional emergency.

The highway type station which caters to a transient type of clientele, must have his products readily available for immediate installation. He cannot expect his customers to wait around while he picks up a product as the neighborhood dealer can. The neighborhood dealer can, for example, in selling a set of tires, ask the customer to stop in on the way home from work and have them mounted or pick

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[1]See Tables XXVI - XXX

up the customer's car at his home and bring it to the station to have the tires installed.

In regard to quantity purchasing, the highway type dealer is generally in a better position to utilize the advantages of a carload or truck load lot. The average neighborhood dealer, whose volume is perhaps 25 per cent of the highway dealer's, has not the financial resources available to be tied up in inventory that will not be moved for several months. Along the same line of thought, a supplier would be more likely to make a delivery to the high volume, fast turnover station on credit because the quick resale of the product gives more assurance of prompt payment.

The neighborhood dealer generally is at the disadvantage caused by the limited space he has for storage. A common occurrence is a neighborhood dealer with insufficient gasoline storage capacity being unable to obtain a permit for the installation of additional storage tanks.

Motor oil is packed in cardboard cartons containing twenty-four one-quart cans, six five-quart cans or four two-gallon cans. With the variety of grades and viscosities, the highway type station has to stock about one hundred cases, or from five hundred to one thousand gallons at all times. An investment of seven or eight hundred dollars is typical.[1]

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[1]Interview with J. Waller, Proprietor, Waller's Atlantic Service, Route 128, Southbound, Newton Highlands, Massachusetts, February 16, 1960.

Diversity of demand certainly has a definite effect on a dealer's inventory. The neighborhood dealer, of course, is more subject to this factor because of local expectations and requirements. A dealer, located in a residential area might find it profitable to carry a supply of spare parts for power lawn mowers. Another case might be the dealer located in a neighborhood near the good fishing areas, where it would be advantageous to carry a variety of items attractive to the fisherman. Location in a lakeside or riverside community or near the ocean might make it expedient to have on hand outboard motors, boats, trailers, or boating equipment. The convenience of the station location and its hours of operation combined with the particular mechanical skill or aptitude of the dealer in operating a service station makes for a "scrambled" merchandising situation with the resulting additional inventory investment.

Sources of Supply

There are several distinct differences between highway dealers and neighborhood dealers as to sources of supply. One main reason for the differences is the close association or control that the major supplier exercises at the highway stations. Naturally the petroleum supplier who either operates the highway station or leases it to the dealer, would be expected to supply the petroleum products to the station. In the case of the neighborhood dealer, the controlling factor is the type of agreement made by the

dealer with the petroleum company. This can be a lease, a contract or no agreement at all.

The lessee dealer, negotiating a lease on a station property, finds that a purchase or sales contract for product goes right along with it. Since the supplier furnishes the dispensing equipment along with the station premises, it is automatic that the lessee buy the owner's product. The exclusivity of sales of branded gasoline involved is greatly aided by the laws of Massachusetts, which state that "No person shall adulterate . . . any motor fuel . . . sold under a brand name . . . or permit the substitution of any other fuel therefore."[1] The state authorities strictly enforce these rules through a regular sampling process.

Another point not to be overlooked is the fact that most dealer leases are for a one year period. A supplier would find it economically unsound to renew a lease with a dealer unwilling to stock the lessor's products.[2]

The individual owner of a station, in some cases, may make an agreement to buy gasoline in order to get the supplier to install despensing equipment. However, that does not necessarily mean that the dealer has to buy oil or grease

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[1] "General Laws of Massachusetts Relating to the Advertising and Sale of Motor Fuel and Lubricating Oil at Retail and Rules and Regulations Pertaining Thereto (as amended to January 1, 1961)," Commonwealth of Massachusetts, Department of Labor and Industries, Division of Standards and Necessaries of Life, p. 4.

[2] Texaco Inc., Form G-77C, Dealer Lease.

from his gasoline supplier. Here again there are strong agreements and weak ones. The typical sales contract itself, covers the parties involved, maximum and minimum quantities, points of delivery, prices, terms of payment and duration of agreement.

Complicating arrangements are taken care of by supplementary agreements. There are so-called "same-party" or "wash- out" leases wherein an owner leases the station to a supplier who sub-leases it back again to the owner. This is used when an oil company supplier, in signing a new contract, spends a substantial amount for physical improvements. It assures the oil company of an outlet for a period long enough to amortize the expenditure whether the owner runs the station or even if the sub-lease is terminated and the oil company sub-leases to another.

A so-called "recapture agreement" is another arrangement, whereby the purchases will reimburse the seller on a pro-rata basis if during the period of the sales contract, the agreed minimum amounts of products are not purchased, or if the contract is terminated before the completion of the period.

There are as many variations to these as there are contracts, but essentially they boil down to a question of what expenditure for improvements can the location support. The supplier wants long term assurance of an outlet while the dealer wants investment capital.

Dealers who own their own stations and dispensing equipment are few and far between. The high cost of today's pumps, tanks, and installation, with the high obsolescence rate, make it illogical for a dealer to finance his own dispensing equipment. Major suppliers furnish and install equipment to get the gasoline business.

Certain complexities are involved as to sources of supply for tires and batteries. Although anti-trust laws forbid the use of tie-in sales agreements, it still does not prevent the petroleum supplier from strongly recommending that the dealer buy either the petroleum supplier's brand, or a suggested brand. It seems obvious that the annual lease renewal has a certain degree of influence in these situations.

Many petroleum marketers, Mobil, Gulf, and Cities Service for example, sell tires and batteries under their own brand. Others market through a subsidiary or affiliate as Esso, Calso, and Amoco do through Atlas. Still others make agreements with manufacturers of well known brands. The tire manufacturer pays the oil company a percentage commission on all sales of tires, batteries and accessories through the petroleum company's outlets in return for counseling and merchandising aid given to dealers to help them sell more products. Oil companies who use this method are Atlantic, Shell and Texaco.[1]

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[1]See Table IV

TABLE IV

TBA MARKETING METHODS BY COMPANY

Company	Marketing Method	Tire Brand
American Oil Co.	Purchase & Resale	Atlas
Atlantic Refining Co.	Sales Commission	Firestone, Goodyear
California Oil Co.	Sales Commission	U.S. Rubber, General
Cities Service Oil Co.	Purchase & Resale	Cities Service
Esso Standard	Purchase & Resale	Atlas
Gulf Oil Corp.	Purchase & Resale	Gulf
Jenney Mfg. Co.	Sales Commission	Firestone, Goodrich
Mobil Oil Co.	Purchase & Resale	Mobil
Shell Oil Co.	Sales Commisssion	Firestone, U.S. Rubber, Goodyear
Sun Oil Co.	Purchase & Resale	Kelly-Springfield
	Sales Commission	General
Texaco, Inc.	Sales Commission	Firestone, Goodrich, U.S. Rubber
Tidewater Oil Co.	Purchase & Resale	Flying A

Source: National Petroleum News Factbook (mid-May 1961), p. 189.

The foregoing might give the impression that the oil suppliers have the situation neatly in hand. However, in actuality, such is not the case. This may be true for the highway type dealer, far from the metropolitan centers and under close control of the oil supplier or lessor. However, the neighborhood dealer can pick up "a fast deal" from any one of a large number of wholesalers in and around the city. There are probably many cases where the proximity of a wholesaler can beat out a major brand warehouse supplier by providing quick extra service for the dealer.

When it comes to parts and accessories, it is found that both neighborhood and highway type dealers utilize any number of sources. Most dealers will buy branded parts and accessories. The highway dealer utilizes a supplier who will provide quick deliveries, some inventory control service and reasonable prices. The neighborhood dealer is more inclined to patronize the supplier who can provide attractive credit terms along with reasonable or closely shaved prices. The factor of quick delivery and inventory control on the part of the supplier is not as vital to the neighborhood dealer since he can pick up the parts himself in a matter of minutes.

Supplier Influence

The influence of a principal supplier, as mentioned earlier, can be extremely important to a service station lessee-dealer in regard to merchandising. The highway type of

dealer is usually much more effected by the supplier than the neighborhood dealer. To begin with, the supplier starts off with a larger capital investment than in neighborhood stations. It is essential that the station conform to the many state super-highway regulations. On this account, the supplier keeps a very close watch on all activities at the highway station and calls attention to any phase of the operation which needs modification.

Since highway type stations are selling to a transient clientele, the supplier's brand image is the important factor in drawing power rather than the personality of the individual dealer.[1] As a result, the supplier's representatives are emphatic in recommending that the highway dealer carry a complete line of all the products featured by the supplier. Since highway stations are looked upon by both dealers and suppliers as models of desirable operating methods, the suppliers are most anxious that a good example be set for their other dealers. A supplier is very insistent that a highway dealer handle the recommended lines of tires, batteries and accessories.

The neighborhood dealer, in most cases, starts with a lower investment. In some situations, depending upon the location and the number of applicants, favorable credit terms might be avaible. He might even buy much of his

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[1] "What Pulls?" Business Week, (March 28, 1953), p. 62.

inventory on consignment. Since the neighborhood dealer is in a less prominent location, with a smaller volume, his major supplier pays him less attention. Thus he could vary his sources of supply for TBA items without having it readily come to the notice of his petroleum supplier.

Much of what is said about the supplier's influence boils down to the fact that highway type stations are much more desirable. Suppliers, therefore, can be more demanding on those dealers they favor with highway stations. The highway stations usually attract a more knowledgeable businessman. This type dealer is generally more aware of the benefits to be gained by full cooperation with his suppliers.

CHAPTER III

SALES PROMOTION

What attracts a customer to an individual station? Obviously a variety of factors including the merchandise offered for sale, already discussed, as well as the prices charged, and personal service provided, to be discussed in later chapters. Here we will be concerned with the efforts directly expended toward drawing in and retaining customers.

Physical Appearance

A major element affecting sales in a service station, and in reality, a sales promotion device, is the appearance of the physical facilities. The size of the lot, the building itself and all its accoutrements make an impression on the customer.

The lot of the highway type station, as compared to that of the neighborhood, is of necessity a great deal larger. Neighborhood stations require a frontage of from one hundred to two hundred feet.[1] Highway stations run from seven hundred to one thousand feet, generally adjacent to a restaurant parking lot.[2] With modern cars travelling at high

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[1]Interview with J. R. Cadigan, Division Real Estate Representative, Texaco Inc., January 8, 1960.

[2]"Indenture of Lease . . . between The Commonwealth of Massachusetts . . . and the Atlantic Refining Co." (January 12, 1953).

speeds, allowances must be made for the motorist to see the station far enough in advance so that he can slow down safely, swing off the road and into the station. The state authorities generally require that an additional cut-off lane be provided for several hundred feet before and after the station to insure the safety of drivers leaving or entering the heavy flow of high speed traffic. Along with this, allowances must be made for giant trucks and trailers to swing in easily and safely.[1]

Because of the heavy volume of traffic, the yard must be large enough for the installation of several pump islands. In the neighborhoods it runs from ten thousand to twenty thousand square feet as compared to the highway stations where from five hundred thousand to a million square feet are needed. An article in the American Petroleum Institute Proceedings mentioned a highway installation in another part of the country which required a frontage of 2,500 feet and 27 acres for the service station, restaurant and cut-off lanes.[2] Three islands for passenger cars are usually required; then there must be at least one or possibly two more to handle gasoline and diesel fuel for trucks. These

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[1]Interview with S. Levine, Assistant Chief Engineer, Massachusetts Turnpike Authority (February 1959).

[2]C. A. Petersen, "The History of Service Stations on Turnpikes," American Petroleum Institute Proceedings, Vol. 36 II (1956), p. 207.

truck servicing islands are usually placed to the rear of the service station building so that the more time consuming servicing of the trucks can be handled without impeding the flow of passenger cars.

Of course we cannot overlook the effects of the restaurant which is built along side the service station on limited-access highways. Whether the building plans are worked out together or separately, the arrangements must take into account the problem of the traffic of each affecting the other, need for sufficient parking and maneuvering space, and the safety of other cars and pedestrians using the area.

Lot size is of lesser importance to the neighborhood dealer. Traffic in a neighborhood is moving more slowly. The neighborhood dealer rarely has to worry about patrons of an adjacent restaurant parking in his yard and blocking his pumps or driving through his lot. On the other hand, a restaurant can draw a great deal of business to a service station.

Visibility is important for all stations. Bright or contrasting colors for daylight and good lighting for night business are necessary. Stations located at a right angle or "V" intersection of two main roads are considered to have maximum visibility. Also desirable are locations on the outside of curves so that the station appears to the approaching motorist to be in the center of the road ahead. Steep

grades on driveways and on the streets in front of a station are negative factors. Parked cars which obstruct a view of the entrances, heavy pedestrian traffic, fences, posts, fire hydrants and ditches are "mental" if not real hazards.[1]

The appearance of the service station building itself is very important as far as drawing-in power is concerned.[2] Porcelain on metal, now often used for building fronts, presents a most attractive appearance both day and night and helps minimize the cost of maintenance. Some (Shell) use translucent panels of glass or plastic with internal illumination to increase the visibility of their brand. The brand identification itself, is often incorporated into the building structure. In total the site as a whole presents the brand image to the public with impact, easily recognizable from a distance.

The salesrooms of the highway stations are designed to display merchandise. In the neighborhood stations one finds a combination lounge, storeroom, office and friendly

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[1] "Toward Successful Service Station Management," National Cash Register Company, Dayton 9, Ohio, 1958.

[2] The highway type buildings usually include two service bays and a salesroom in the front of the building. Generally behind the salesroom are two rest rooms and a storeroom. There may be additional storage space or an office behind the service bays. Although neighborhood stations may have the same basic facilities, the highway type station in Massachusetts is larger with greater storage space. There are, however, exceptions. Neighborhood stations may have three, four, or even more bays and may include basement storage and second floor office space. (Continued on next page)

meeting room with little emphasis given to the use of eye-catching displays. On the other hand, the highway stations have large show windows, exposing well lighted interiors with shelves stacked with goods attractively displayed and clearly priced. The customer can see right into the sales-room which as a whole presents an invitation to enter. This is in contrast to the typical neighborhood station with smaller or divided windows and in most cases, a lack of modern, well lighted display shelves. The need of having a more comfortable area for a customer waiting room on the highways is taken care of by the availability of the restaurant next door.

Advertising

Huge sums are expended by major oil companies in primary support of the efforts of their individual outlets. Table V indicates the amount spent and the media used by the various companies distributing in this area. A broad variance in thinking in the approach to media selection is evident. Yet, when one considers variations in extent of marketing

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(cont. from p. 46.) The service bays in the highway stations are usually complete in equipment, whereas rarely are neighborhood stations as well set up in all departments. The highway type stations visited were much the same, with a frame contact lift in one bay and a twin-post lift in the other. All had overhead lubrication equipment, automatic tire changing machine, air compressor, tire racks, tool boards and work benches. Shelves were designed for display as well as for utility of storage and work space. Automatic type car washing machines were standard equipment.

territories (indicated by the number of states in which they operate), some of their thinking comes into focus. National companies can avail themselves of network television. More regional companies rely on spot television and newspapers. Interesting to note, however, is the approach of Shell (covering 44 states), principally through newspapers.

Generally highway dealers rely upon thei suppliers for advertising whereas leading neighborhood dealers often in addition, promote their own names and try to identify and tie in with the la rger programs promoting the suppliers' brands. A neighborhood station occasionally will buy a twenty or thirty second follow-up spot on a local station to tie his name to the network commercial promoting the national brand. This would be wasteful for the turnpike dealer with a transient clientele.

Since radio is fairly e xpensive, it is used only infrequently, generally by groups of dealers of the same brand in one town or marketing area served by a smaller radio station. Such an occasion is to push a special promotion as a seasonal changeover, or to tie a national campaign to the local scene. The use of a large metropolitan radio station covering a broad area, does not lend itself very well to this type of promotion. Unless a very large number of dealers participate, the message is wasted. One supplier co-sponsored a regular program with approximately three hundred metropolitan dealers. After a trial period of thirteen weeks, the wholesaler

declared that the problems associated with coordination of such a number of dealers were practically insurmountable.[1] One private brand chain (Bay State), with twenty-one stations in Metropolitan Boston, finds that radio is an effective media for off-price promotion of his brand.

Newspapers are of very limited use to highway type stations; local dealers use them to much greater advantage. The best results have been achieved through the use of the weekly or semi-weekly newspapers whose circulation is concentrated in the residential areas served by the local station. With the low cost for space, the dealer can usually get cooperative financial support as well as technical assistance in the form of copy and mats, from his suppliers. In certain situations, however, metropolitan dailies are used. B. F. Goodrich has a so-called "Key Cities Ads" plan for distributors and dealers in metropolitan areas. A large advertisement (usually one half a page) is run in a metropolitan daily, 50 to 75 times per year. B. F. Goodrich pays four fifths of the cost of the advertisement and the dealers pay about one fifth. Each of from 25 to 50 dealers gets space for his name, address and telephone number. The dealer's share of the cost runs $1.25 per insertion or from $62.50 to $93.75 per year. Outlets are grouped by cities and towns, so

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[1]Interview with George B. Nangle, Merchandising Representative, Texaco Inc., March 14, 1960.

that interested customers can easily find the nearest local dealer. Although most agree that these promotions draw customers, dealers reluctantly pay the $62.50 or $93.75. Distributor salesmen find that it takes a great deal of selling effort to get dealers to participate.[1] Although Firestone has a similar plan, the loca l distributor feels that it is not worth the extra selling effort required to gain dealer cooperation.

Handbills are frequently used by neighborhood dealers for seasonal or special promotions of petroleum or tire suppliers, rarely by highway dealers. Although the dealer who uses handbills may bear the entire expense from writing or copy to printing and distribution, generally the cost is shared to an extent by others. Gasoline and tire suppliers provide printing mats free of charge. These, usually are tie-ins with national promotions. Often supplier representatives arrange for a number of dealers to pool their purchases, to obtain quantity discounts from local printers. Cost to the dealers runs from $7.00 to 15.00 per thousand handbills. Distribution of the handbills may be by supplier salesmen, by mail, by neighborhood youths, or by station attendants at the pump island. Occasionally a cooperative arrangement can be worked out with a nearby supermarket handling the same type of trading stamps, whereby the handbills are distributed at the

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[1]Interview with Edwin Bikofsky, Merchants Distributors (B. F. Goodrich), Boston, Mass., June 4, 1962.

checkout counter.

Direct mail is another medium used by neighborhood dealers. Most major oil suppliers as well as some of the national tire suppliers have package plans. The dealer designates an area of streets from which he would like to solicit customers and a mailing list is purchased. A professional mailing company then sends out fliers at specified times throughout the year. The dealer does not have to bother about maintaining a current list. The time of mailings is often tied to seasonal promotions, as in the case of spring or fall changeovers. The appeal is usually seasonal or holiday and may stress safety or savings. Dealers who use these programs state that the return is from one to five customers for every 100 cards mailed.

Billboards are utilized for the most part by the suppliers. On the turnpikes the controlling authority usually provides "Service Area Ahead" signs, placed at a distance of eight miles and two miles before a station on non-access highways. This type of sign is prohibited on other roads in Massachusetts.[1]

Very few of the traditional large billboards are in use at service station sites on highways. However, they are in increasing evidence in neighborhoods, particularly at

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[1]"Lease Covering Operation of Turnpike Service Stations," Massachusetts Turnpike Authority (November 21, 1956).

private brand service stations. Both types of dealers commonly use four by eight foot plywood sheet for a so-called sidewalk sign.

Outdoor electric signs spelling out the name of the brand are standard equipment on turnpike stations. On the other hand this type of sign can be used only on local stations which are readily visible from a substantial distance. The main trade mark sign is illuminated in all cases, and in the more up-to-date locations, the rotating plastic type sign with interior illumination is employed. Since the cost of an outdoor electrical sign runs from $1500 to $5000, ownership varies. Some suppliers sell the sign outright to the dealer but let him pay for it over a long term period. Others charge the dealer rent, and still others a maintenance service fee with ownership remaining with the supplier. These charges range from $10 to $30 per month in the case of a leased station. For a dealer who owns his own station, the sign might be worked into the negotiations as part of signing the contract.

In addition to the image enjoyed by the supplier's brand, many factors contribute to the "drawing-in" power of the individual service station. Beginning with the distance at which it is first visible through such items as over-all design, neatness, cleanliness; the use of pennants and banners, painted curbs, islands and arrows; massive displays, the air of activity and so on down to the appearance of the

clean uniformed smiling attendant, all add their bit toward creating the appeal of being a good place to buy.

The highway station usually excels in "drawing-in" power. These comparatively recently built stations of modern design are easily visible for a great distance. The closer association with the supplier makes for better trained dealers and, therefore, a greater awareness of the benefits to be gained by giving close attention to the overall "sparkle" of their stations.

Mass displays of merchandise both inside and outside the station are used extensively in the turnpike stations but to a much lesser degree in the community stations. Leading dealers feel that good displays sell more products.[1] Outside, the most commonly used are tire displays; either rows of single tires in individual stands, stacks of six to ten tires piled up between bay doors or along walkways, roll-away racks of five, ten, or twenty tires, or larger type permanently fixed tire display cabinets, which hold up to one hundred tires. Both types of stations use motor oil can display racks on the pump island. These may be the fixed type which are fastened to the island or the portable type of tubular aluminum, which can be carried indoors at night. Highway dealers make effective use of point-of-sale promotional displays for selling low priced impulse items. They find

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[1]"Displays are Station Salesmen," Super Service Station, Vol. 56, No. 3 (March 1957).

that quantity displays of products with eye-catching posters, showing the price, sell. Sun glasses and seat cushions are excellent movers in this class. In addition, some neighborhood dealers set out boats on trailers in front of their stations and others offer lawn furniture and even lawn mowers.

Inside the building, most highway stations use the full shelf method similar to the supermarket, with prices clearly marked both on the shelves and on each package. With rare exceptions, local dealers have no planned approach toward effective display. Shelves are used more for storage space than as a selling tool.

Show window displays are practically non-existent on highways. Most of the buildings viewed have large plate glass floor-to-ceiling windows. In a few cases, dealers pyramid products on the floor just inside the windows so that they can readily be seen from cars stopped at the islands. In local stations, available window display spaces were not fully utilized but often showed a heterogeneous collection of many items in unrelated little piles.

In some of the stations of both types, animated displays were used. These, featuring the brand of the major supplier of petroleum or tires, are provided by the supplier either free or at a very low cost to the dealers. They generally are either seasonal in nature or feature a new or improved product of a major supplier.

Premiums

Marketers all over the country are finding that drivers will put out their hands for glasses, calypso hats, rose bushes, blankets, silk stockings, steak knives, cameras, potatoes, toy trucks, dinosaur hunting licenses, lollipops, aspirin, car keys, records, ballons, ice cream, ball point pens or almost anything.[1] Most marketers agree that premiums are here to stay, although some wince when they agree. Generally they find that premiums, used properly, can be an extremely useful tool.

Five general areas where premiums are effectively employed are: (1) for new service station openings, (2) to push a special or big-ticket sale, (3) to increase gallonage, (4) to boost business in a station that is failing, (5) as a defensive measure in an area where competition uses it or other methods.

The premiums used for new service station openings are generally the least expensive. Ballons, beverages, free ice cream or small gadgets of some kind help bring in the driver. Supposedly, a token gift with the dealer's name on it helps him remember.

To promote a special or combination sale is the key area in the use of premiums. The dealer's emphasis is on a combined package such as a fall changeover, which

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[1]"Premiums," National Petroleum News (February 1960), p. 111.

includes lubrication, oil change and installation of anti-freeze. An "interesting" premium is often the decisive factor on which a customer may select a station for his service work and evolve into the difference between a successful and an unsuccessful station.

When used to increase gallonage, or to maintain clientele, the usual practice is to give a premium with a ten-gallon purchase. Sometimes the customer receives the premium with no strings, other times he is required to fill out a card to build a mailing list. The emphasis is on traffic,--to get the driver into the station,--to buy. Since a one-shot sale is only a temporary aid, some feel that repeated use of premiums must be made to keep customers coming back. Others, on the other hand, are of the opinion that an opportunity is afforded to make customers aware of a station and its service.

Whether to use a giveaway or a self-liquidator is a problem in selecting a premium. The trend seems to be toward self-liquidators, which customers buy at the dealer's cost or slightly higher. (Giveaways represent an expense that must be absorbed as a promotional cost.) As an example in the fall of 1959, Texaco used 30 inch metal toy tank trucks as self-liquidating premiums, which were sold to the public at $3.98. A comparable toy sold in toy stores at six or seven dollars. These toy trucks, purchased directly from the manufacturer, were sold to the dealers at Texaco's cost, and in

turn, with no markup added, to the customer. It made a very appealing premium with slight cost for the promotion. Helped by national advertising, forty thousand Texaco dealers moved over a million toy tank trucks. The promotion was considered a fantastic success. In the fall of 1961, they used a 27 inch plastic scale model of a Texaco tankship, propelled by two flashlight batteries. About a million and three quarters were sold at $3.98, 35¢ above the dealers' cost. The sale of this premium was tied to the purchase of eight gallons of gasoline.

Stamps

By far the most widely used premium is stamps. Stamp sales rocketed from 38 million dollars in 1951 to somewhere between 420 million dollars and 600 million dollars in 1957. In 1954, 20% of United States service station dealers gave stamps. In 1957, over 33% were using them.[1] Present estimates exceed 50%. As the use of stamps in supermarkets has grown, so has the number of stamp giving stations. There is no evidence that either is on the decline.

To make a profit on stamps, volume has to be increased more than 14% according to Eugene R. Breem of the University of California.[2] Harvey Vredenburg of the University of Iowa makes a similar estimate. He puts the break

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[1] "Stamps," National Petroleum News (June 1958), p. 109.

[2] Eugene R. Breem, "Who Profits from Trading Stamps?" Harvard Business Review, Vol. XXVI (November 1948), p. 723.

even point for service stations between 10% and 13%, if operating expenses are fixed.

Stamps are usually sold in books of 5,000 costing from $10.00 to $15.00 per book, sufficient for $500.00 in gross sales. (one stamp is given with each 10¢ purchase.) The dealer's cost is therefore from 2% to 3% of sales. At a retail price of 25¢ per gallon, his cost per gallon is .5¢ to.75¢. As the pump price goes up, so does the per-gallon cost of stamps, since the gross margin is normally a fixed number of cents.

A difficult decision is the selection of the right stamp company. Some factors to consider are: (1) Is the plan well known? Does it have good consumer acceptance? (2) Does the plan have a tie-in with a leading supermarket near-by? (3) Are redemptions high or at least 90%? Are redemption centers near and well stocked with top quality branded merchandise? (4) Does the stamp company give exclusive franchise areas to dealers? (5) Does it respect those areas or change them to suit itself? (6) Does the stamp company give merchandising and advertising help to dealers? (7) Is the cost as low as possible?[1]

From 30% to 50% of New England Service stations give stamps. Oil marketers predict many more years of heavy stamp competition. Only if the economy declines sharply is

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[1] "Stamps," National Petroleum News (June 1958), p. 112.

there a chance that stamps may be cut back. Historically, stamps are strongest in prosperity, but tend to recede during bad times, when price merchandising becomes more important.[1]

Special Promotions

Special promotions in service stations can be classified generally as grand openings, seasonal, holiday, anniversary and benefit tie-ins.

It is becoming common proctice nowadays to have a large promotion whenever a new service station is opened. The three main purposes of this so-called "grand opening" are: (1) to let as many potential customers as possible know that there is a new station in the area, (2) to build a mailing list and (3) to invite as many as possible in to try the products and services.

An opening at a highway station generally differs from that of a community station principally in its emphasis. Since the turnpike station deals with a transient clientele, its promotion must pull in the customer who happens to be passing the station at the time. The highway dealers interviewed did not hold grand openings as such, but dressed up their stations with large numbers of outside displays, and point-of-sale advertising material.

Grand openings in neighborhood stations are pretty standardized with the offering of one to three grand prizes

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[1] Ibid. p. 109.

such as a television set, radio or hi-fi phonograph. Registration cards for the prizes provide a quick mailing list. Usually glasses, lollipops, perfume or orchids are given away free. Sometimes self-liquidating premiums such as toy trucks are sold at cost. The cost of advertising for the grand opening is generally shared with the dealer by the petroleum supplier and his TBA supplier. Texaco Inc., pays 50% of the cost of advertising and giveaways (excluding stamps), up to a maximum of $250.00. They also provide extra manpower for the occasion.[1]

Aggressive dealers usually tie in with the national advertising campaigns and push a Spring or Fall changeover package special either at a price cut of 5% to 10% or combined with a premium. Most of the time, local newspapers, handbills and direct mail or neighborhood solicitation are used. Highway stations are limited to the use of point-of-sale materials.

Occasionally an alert community dealer will apitalize on his personal affiliation with a local civic organization such as Lions, Rotary or Kiwanis. At the time of the club's regular charity drive, the dealer-club-member donates a portion of his profits for a day or two to the local charity. By getting well known members of the organization to work for him at the station during the charity drive, the dealer reaps

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[1]Interview with Joseph E. Devine, Sales Promotion Representative, Texaco Inc., March 16, 1960.

great benefits in publicity and good will, not to mention the extra gallons he pumps.

Holiday promotions, rarely used, are generally extensions of national tire company campaigns to capitalize on Fourth of July or Labor Day tire sales. Anniversary sales are used only by the more aggressive neighborhood dealers who have been in business for some time. These take advantage of the tire company cooperative newspaper plans so that the supplier absorbs part of the cost.

Leading tire manufacturers have developed a standard dealer promotion package to be adapted to almost any special promotion need. A guide booklet is provided which gives a step-by-step directions for planning, execution and follow-up of the event as well as many suggestions for traffic building premiums and items for grand prizes. Firestone has a "Banner Days" package[1] and B. F. Goodrich has a "Smileage Days" package,[2] both providing standard mats for newspapers and handbills. Window streamers and spots, tire inserts, and cloth signs used either as wrap-arounds for stacks of tires or as banners strung up between light poles, are made available. In addition, a quantity of plastic pennants are provided to dress up the service station. The TBA

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[1]Interview with A. A. Mulley, Petroleum Company Representative, Firestone Tire & Rubber Co., May 6, 1960.

[2]Interview with Robert Routhier, Petroleum Company Representative, B. F. Goodrich Co., March 16, 1960.

suppliers usually supply extra man-power for these occasions.

With the increasing popularity of premium stamps, some of the stamp suppliers assist dealers by offering bonus stamp awards or double stamps as premiums in any of the above promotions. Some of the stamp suppliers also share the cost of handbills.[1]

Credit Policy

Credit in reality is granted fundamentally as a sales promotional device. Credit sales make up a large part of the business handled through service stations both on highways and in neighborhoods. Most of the credit business falls into the following categories: personal charges financed by the dealer, credit card charges financed by the petroleum supplier, credit card charges financed through so-called universal credit card firms, and budget programs financed either through the petroleum supplier or local finance companies.

The transient nature of those customers patronizeing the highway station reduces to a negligible minimum the amount of personal charges carried by this type dealer. On the other hand, almost all neighborhood dealers interviewed indicated that one of their greatest burdens was the handling of personal charges. Personal and continual contact makes it extremely difficult to refuse credit extension to so-called

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[1]Interview with Raymond Block, Account Executive, Top Value Enterprises, Boston, October 1959.

friends and acquaintances, especially since they are customers. As a result, the size of the accounts receivable seem to grow continuously for a neighborhood dealer who has been in business for a few years. In addition, much of it is slow to turn over, as firstly, most dealers do not have a well organized credit department for billing or collections,[1] and secondly, the personal friendship aspect makes it difficult to use a "strictly business" manner to effect collection of delinquent accounts. Dun & Bradstreet attributes a leading cause of business failures among service station dealers to uncontrolled or over extended credit.[2]

Supplier financed credit, through the use of company credit cards, is by far the most prevalent form of credit selling used in both highway and heighborhood stations. All major marketers of petroleum products have some form of a credit card policy.[3] Most credit cards are good for 12 months, although a number are issued for different periods varying from three to thirty-six months, with a few being issued on an

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[1]They usually try to handle these functions themselves in the station, after hours or at home with the help of their wives, family or relatives. As a result, statements quite often are not issued promptly (if at all) and collection or follow-up efforts are generally haphazard.

[2]Cost of Doing Business - Gasoline Service Stations, Dun & Bradstreet, Inc., (New York 1957).

[3]National Petroleum News Factbook (mid-May 1961), p. 181.

unlimited time basis.[1] Supplier financed credit through the use of company credit cards is very economical to the individual dealer. The only cost is a service sharge for the credit card imprinting machine which runs from a low of $12.00 per year (Esso) to a high of $36.00 (Texaco). Some suppliers, in addition, subscribe to one of the universal type plans such as Diner's Club or Hilton's Carte Blanche. The cost of these universal credit card systems, ranging from 4% to 6% of sales, is absorbed by the suppliers using them. However, one large local marketer with 600 outlets in this area, only shares the cost with the dealers to a limited extent (company 1% - dealers 5%).[2]

This same large local marketer has, at the same time, the policy of accepting credit cards of all major oil companies. When a sale is made using a competitive credit card, they bill the customer directly and, sometime later (when the initial invoice is paid), issue one of their own to the new customer.[3]

A recent survey, published by the Petroleum Chemicals Division of DuPont, indicated that over 24% of motorists use credit cards to buy gasoline. Only a little over

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[1] National Petroleum News Factbook (mid-May 1959), p. 191.

[2] National Petroleum News Factbook (mid-May 1961), p. 181.

[3] Interview with H. R. Scott, Sales Representative, Jenney Manufacturing Co., January 12, 1960.

3% of the respondents indicated that they had cards other than oil-company cards.[1] An Oil & Gas Journal study in 1959 disclosed that oil-company credit cards had trebled in the last 10 years.[2] The leading firms in the universal credit card business with oil companies are Hilton's Carte Blanche, Diner's Club and Bank of America.[3]

In late 1959 and early 1960 an attempt was made to develop a Universal Oil Credit card to be used by all oil companies and to be administered by Oil Services Credit Corp., of Chicago. The purpose of the plan was to effect savings by eliminating duplication, and at the same time, make it more convenient and appealing to a customer. The plan never materialized because it could not get sufficient support or agreement from suppliers on how the plan should be handled.

Budget plans have been added by most major oil suppliers as part of their credit card plan. This plan provides credit card holders the privilege of paying for merchandise in excess of approximately $30.00 in three equal monthly installments, or paying for purchases in excess of $50.00 in six equal monthly installments. There is no down payment or

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[1] "Profile of the Motorist," E. I. duPont de Nemours & Co.(Inc.). (Wilmington 1961).

[2] The Oil & Gas Journal, Vol. 58, No. 19, May 9, 1960, p. 108.

[3] National Petroleum News Factbook (mid-May 1961), p. 181.

carrying charge connected with this plan so that dealers are in a strong position to meet the competition of the mail order houses and the discount stores. However, these plans are not effectively publicized.

Leading tire suppliers have their own budget plans which they set up with well established dealers.[1] Arrangements with a local finance company are made for a quick check on a customer's credit. Upon approval by the finance company, the dealer extends the usual installment credit terms. A chattel mortgage or conditional sales agreement is signed, which includes provisions for a down payment plus interest or carrying charge. The buyer receives a payment book, set up for either weekly or monthly payments to be made at the station. This system is well thought of by neighborhood dealers as it keeps the customer coming back to the station to make payments and an opportunity is afforded to sell gasoline and additional services. The transient nature of the customers precludes the use of this type of plan by the highway dealer.[2]

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[1] "How a Dealer Can Build a $40,000 Budget Volume," National Petroleum News, (April 1959), p. 160.

[2] Interview with D. M. Stevens, Credit Manager, Merchants Distributors (B. F. Goodrich), April 10, 1959.

CHAPTER IV

PRICING

If we consider our definition of merchandising, it will be recalled that it involved providing the right goods or services, at the right place, at the right time, in the right quantities and at the right price. At the same time the right price is also of major import in sales promotion. Therefore the following discussion is imbued with a combination of both concepts.

The wholesale price for gasoline is generally the same for both the highway dealer and the neighborhood dealer in major brand gasoline. Unbranded or independent dealers buy distressed products at many different prices, but it usually averages about 2¢ to 4¢ below the major dealers. Some dealers (major or independent), with tank trucks, get a hauling allowance which they erroneously consider as a lower cost for gasoline. Owner-operators with a "same-party" lease whereby they lease their station to an oil company for more than they pay to lease it back, usually consider this as a rebate and a price advantage.[1]

Continual fluctuations in wholesale prices of gasoline is another factor which effects merchandise costs as a

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[1]See p. 37.

result of inventory gains or losses. The dealer with large storage capacity, if he is astute enough to anticipate the direction and timing of price changes, can benefit greatly by judicious buying. The alert supplier representative can be extremely helpful to his dealers in this respect by keeping them informed of impending price changes. This results in drawing customers from competitors by being able to maintain lower prices for a period of time; or else seemingly pocketing the windfall profits of selling low cost products at a high retail price. Obviously if the higher prices persist, the increase is needed to maintain working capital.

Although there is common belief that major suppliers control prices, this is far from reality, since these suppliers through ownership or lease control only 51% of the country's service stations.[1] Suppliers' "suggested retail prices" do carry unusual weight with lessee dealers, and some firms have used "fair trade" in other states. A few majors have converted many of their dealer outlets to commission stations selling gasoline on consignment. Despite the use of these methods to control prices, it can be seen from the 1960 serveys (Tables VI-IX) that only 42.5% to 48.5% of the dealers posted the supplier recommended price; about 24% to 43% posted lower prices, and 14.7% to 27.2% were higher.

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[1]John H. McLean and Robert W. Haigh, The Growth of Integrated Oil Companies, Boston, Graduate School of Business Administration, Harvard University, 1954.

TABLE VI

POSTED PRICES FOR REGULAR GASOLINE

IN NORWOOD, ROXBURY & JAMAICA PLAIN, MASS.

Survey Taken January 25, 1960

Dealer Tankwagon Price $.203

	.209	.219	.229	.239[1]	.249	.259	Total
American		1	1	1			3
Atlantic			1	7			8
Chevron			4				4
Cities Service				2			2
Esso			2	7	1		10
Gulf				4	2	1	7
Jenney		3	1	2	3		9
Mobil		2	3	5	5		15
Shell			4	2	1		7
Sun			1	4	1		6
Texaco		1	3	4	5		13
Tydol		2	3	4	3		12
Unbranded[2]	2	1					3
Total	2	10	23	42	21	1	99

[1]Supplier Recommended Posting.

[2]Includes Merit and Bay State.

3 Stations on Route 128.

Mean $.236
Mode .239
Median .239

TABLE VII

POSTED PRICES FOR REGULAR GASOLINE

IN NORWOOD, ROXBURY & JAMAICA PLAIN, MASS.

Survey Taken February 23, 1960

Dealer Tankwagon Price $.212

	.219	.229	.239	.249[1]	.259	.269	Total
American		1		2	1		4
Atlantic			1	5	1		7
Chevron		1	1	2			4
Cities Service				1	1		2
Esso		1		10			11
Gulf				5	3		8
Jenney				4	2		6
Mobil			5	6	5		16
Shell			4	3	1		8
Sun			1	6	2		9
Texaco		1	1	2	9		13
Tydol		2	4	4	3		13
Unbranded[2]	2						2
Total	2	6	17	50	28		103

[1]Supplier Recommended Posting.

[2]Includes Merit and Bay State.

3 Stations on Route 128.

Mean $.248
Mode .249
Median .249

TABLE VIII

POSTED PRICES FOR REGULAR GASOLINE

IN NORWOOD, ROXBURY & JAMAICA PLAIN, MASS.

Survey Taken March 28, 1960

Dealer Tankwagon Price $.221

	.229	.239	.249	.259[1]	.269	Total
American			1	2	1	4
Atlantic			3	3	1	7
Chevron		1	2	1		4
Cities Service			1	1	1	3
Esso		1		9	1	11
Gulf				7	2	9
Jenney				3	3	6
Mobil			5	5	4	14
Shell			2	4	2	8
Sun			2	5	2	9
Texaco		1	2	5	5	13
Tydol		2	5	3	3	13
Unbranded	1	2				3
Total	1	7	23	48	25	104

[1]Supplier recommended posting.

[2]Includes Merit and Bay State.

3 stations on Route 128 @$.289.

Mean $.257
Mode .259
Median .259

TABLE IX

POSTED PRICES FOR REGULAR GASOLINE

IN NORWOOD, ROXBURY & JAMAICA PLAIN, MASS.

Survey Taken April 25, 1960

Dealer Tankwagon Price $.230

	.229	.239	.249	.259	.269[1]	.279	Total
American			1		2	1	4
Atlantic				3	3	1	7
Chevron			2	2			4
Cities Service					2	1	3
Esso			1	4	5	1	11
Gulf				1	7	1	9
Jenney				1	4	2	7
Mobil			3	4	3	4	14
Shell			1	2	4	1	8
Sun				3	4	1	8
Texaco			3	3	6	1	13
Tydol		1	4	2	3	1	11
Unbranded[2]	2	1					3
Total	2	2	15	25	43	15	102

[1]Supplier recommended posting.

[2]Includes Merit and Bay State.

Three stations on Route 128 @$.299

Mean	$.264
Mode	.269
Median	.269

In the 1962 surveys (Tables X-XIII) 22.5% to 36.5% posted the supplier recommended price; 56% to 63% were lower and 2% to 11% were higher.

A basic deterrent to price control are the anti-trust laws. The Sherman Act, passed in 1890, is the fundamental antitrust law which is based on the principle that monopolies and all agreements, combinations or conspiracies to restrain trade are unlawful. The Clayton Act (1914) is the law which bans mergers that tend to lessen competition or create a monopoly. It also bans exclusive dealing contracts and other forms of "tying arrangements." The Federal Trade Commission Act (1914) created the "FTC" and gave it broad authority to define unfair methods of competition and declare them unlawful. The Robinson-Patman Act (1936) amended the Clayton Act making it illegal to "discriminate in price between different purchasers" where the effect may be to substantially lessen competition. It also says that nothing shall prevent a seller from showing as a defense that his lower price was made in good faith to meet the equally low price of a competitor. The so-called "good faith" clause is the part that now causes problems for the FTC, the oil companies and the courts.[1]

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[1]Melvin G. deChazeau and Alfred E. Kahn, Integration and Competition in the Petroleum Industry, New Haven, Yale University Press, 1959. pp. 471-478.

TABLE X

POSTED PRICES FOR REGULAR GASOLINE

IN EAST BOSTON, CHELSEA, EVERETT, REVERE,

WINTHROP AND SAUGUS, MASS.

Survey Taken January 15, 1962

Dealer Tankwagon Price $.239

	.229	.239	.249	.259	.269	.279[1]	.289	Total
American					2	3	1	6
Atlantic					2	4	1	7
Chevron					1			1
Cities S.					5			5
Esso				3	4	9	2	18
Gulf				1	4	2		7
Jenney					3	5		8
Mobil				1	2	8		11
Shell				2	3	2		7
Sun				3	8	1		12
Texaco					3	9	1	13
Tydol				1	10	3		14
Unbranded[2]	3	1	13					17
Total	3	1	13	11	47	46	5	126

[1]Supplier recommended posting.
[2]Includes Bay State, Merit, Quincy, Sears, Gem.

Premium: 4¢ higher for two grade dealers; 3¢ higher for three grade dealers.
Superpremium: 2¢ higher than premium.

Three stations on Route 128 @$.299

Mean $.269
Mode .269
Median .269

TABLE XI

POSTED PRICES FOR REGULAR GASOLINE

IN EAST BOSTON, CHELSEA, EVERETT, REVERE,

WINTHROP AND SAUGUS, MASS.

Survey Taken February 12, 1962

Dealer Tankwagon Price $.230

	.229	.239	.249	.259	.269[1]	.279	.289	Total
American				1	5			6
Atlantic				2	5	1		8
Chevron				1				1
Cities S.				5				5
Esso			3	4	7	3		17
Gulf			1	3	3			7
Jenney				3	3	2		8
Mobil			1	1	6	3		11
Shell			1	5	1			7
Sun			3	6	1			10
Texaco			1	3	6	3	1	14
Tydol			1	8	4	1		14
Unbranded[2]	3	5	9					17
Total	3	5	20	42	41	13	1	125

[1]Supplier recommended posting.
[2]Includes Bay State, Merit, Quincy, Sears, Gem.

Premium: 4¢ higher for two grade dealers; 3¢ higher for three grade dealers.
Superpremium: 2¢ higher than premium.

Three stations on Route 128 @$.299

Mean $.261
Mode .259
Median .269

TABLE XII

POSTED PRICES FOR REGULAR GASOLINE

IN EAST BOSTON, CHELSEA, EVERETT, REVERE,

WINTHROP AND SAUGUS, MASS.

Survey Taken March 12, 1962

Dealer Tankwagon Price $.221

	.219	.229	.239	.249	.259[1]	.269	.279	.289	Total
American				2		4			6
Atlantic				3	5		1		9
Chevron				1					1
Cities S.			1	4				1	6
Esso			3	4	5	5			17
Gulf				5	3				8
Jenney				4	2	1		1	8
Mobil			1	4	5		1		11
Shell			1	4	2				7
Sun		4	6						10
Texaco			1	3	6	2	2		14
Tydol			5	7	1	1			14
Unbranded[2]	3	6	8						17
Total	3	10	26	41	29	13	4	2	128
Gulftane		2	6						8
Jentane		1	3		2				6
Total		3	9		2				14

[1] Supplier recommended posting.
[2] Includes Bay State, Merit, Quincy, Sears, Gem.

Premium: 4¢ higher for two grade dealers; 3¢ higher for three grade dealers.
Superpremium: 2¢ higher than premium.

Three stations on Route 128 @$.299.

Mean $.251
Mode .249
Median .249

TABLE XIII

POSTED PRICES FOR REGULAR GASOLINE

IN EAST BOSTON, CHELSEA, EVERETT, REVERE,

WINTHROP AND SAUGUS, MASS.

Survey Taken April 16, 1962

Dealer Tankwagon Price $.247

	.239	.249	.259	.269	.279	.289[1]	.299	Total
American				1	1	2	1	5
Atlantic					6	3		9
Chevron					1			1
Cities S.				2	3	1		6
Esso				4	6	6	1	17
Gulf					2	6		8
Jenney					4	3	1	8
Mobil				1	6	5		12
Shell				1	5			6
Sun					5	5		10
Texaco				1	5	9		15
Tydol					10	3		13
Unbranded[2]		3	7	6				16
Total		3	7	16	54	43	3	126
Gulftane			1	6	1			8
Jentane				6	1			7
Sun 190				7	3			10
Total			1	19	5			25

[1]Supplier recommended posting.
[2]Includes Bay State, Merit, Quincy, Sears, Gem.

Premium: 4¢ higher for two grade dealers; 3¢ higher for three grade dealers.
Superpremium: 2¢ higher than premium.

Stations on Route 128: three @$.309.

Mean $.280
Mode .279
Median .279

Highway Location Pricing

It was observed that a general attitude among all highway dealers interviewed was that they had, to a marked degree, a monopoly on the turnpike business. All closed their minds to the possibility that a substantial number of potential customers might be buying their motoring needs before getting on the highway or waiting until they left it. When asked why they did not meet the general neighborhood posting, 2¢ lower, the response was that they could not afford to give away $1,500.00 to $2,000.00 per month just to build volume for the supplier. There was no thought given to the possibility that added gallonage, even at the lower price, with its accompanying gain in service and accessory sales, might substantially improve the net profit.

As far as the other extreme, the use of bargain prices, loss leaders, discounts or special concessions as a means of stimulating sales is practically non-existent according to the dealers who operate the highway stations in the area investigated. This goes back to the fact that these dealers believe that the clientele of the highway type stations are primarily transient and there is little or no readily accessible neighborhood in which to promote prices. Furthermore, they feel that the transient type customer is generally unfamiliar with the prices neighborhood dealers might be getting for any particular product or service at the time. In most cases they claim the traveling customer

is in a hurry and cannot or will not take the time to shop around. This is particularly true when he has to travel eight or ten miles to find the next service station.[1]

The basic lease between the Massachusetts Turnpike Authority and the Cities Service Oil Company covering a highway station on the Massachusetts Turnpike in Natick, includes the following clause: "PRICES: shall not exceed the prevailing prices at major service stations affording comparable service in the general vicinity. However, in no event shall the operator be required hereunder to sell motor fuels at less than $0.06 above the 'Average Normal Tankwagon Prices.'"[2] Since suppliers suggest a posted price of 4¢ above cost, highway operators are permitted and consequently do place their selling price generally 2¢ above standard; in some cases even higher.

In pricing other petroleum products such as oils and greases, the turnpike man has the advantage of quantity discounts, which run up to 20% on a carload or truckload purchase. Because of the volume of his business, a dealer on the highway can get the maximum benefits of quantity purchases. The man in the neighborhood, however, with few exceptions, does not have the demand that enables him to

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[1]Theodore Levitt, "What's Wrong With Oil Marketing?" National Petroleum News (August 1960), p. 90.

[2]Lease Covering Operation of Turnpike Service Stations," Massachusetts Turnpike Authority, (November 21, 1956).

dispose of a carload lot nor the storage space to keep it. With this distinct advantage, one might expect that the highway dealer would set his price at a point which would be difficult for the neighborhood man to meet. On the contrary, it is found that the neighborhood stations generally meet or undersell the highway stations on oils by 5¢ per quart. Competition is the main reason; the typical neighborhood dealer has many nearby competitors, the highway station is far away from his nearest competitor. On the Massachusetts Turnpike the average distance between stations is 24.6 miles, whereas in the communities it seems as if they are on every other corner.[1]

With reference to tires and batteries, a traveling motorist is unwilling to buy a tire or a battery unless he has to have one to get back home. Since tires and batteries generally involve a relatively large outlay of money, much more than the common purchase price of a tank of gasoline, most customers want to shop around for them before they buy. They also want to purchase these items at a reasonably familiar place near home or work where they either have more confidence in the dealer or they are close enough so that the article can be returned for adjustment if necessary. They have learned that the local dealer who gets the bulk of a

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[1] National Petroleum News Factbook (mid-May 1962), p. 185.

customer's business will give him a better price for these big-dollar items. Finally, it is a natural rationalization that if the price of gasoline is substantially higher, the price of other products will be correspondingly more. The highway station has a high price image.

Of course, a certain percentage of motorists prefer to purchase these items at a discount store or mail order house. Yet, Table XIV shows that in 1959, 33.4% of the new replacement tires and 29.5% of the retreads were purchased in gasoline service stations as compared to 16.5% of new tires and 6.9% for retreads in mail order outlets. For batteries Table XV shows that in 1959, 36.2% were purchased in service stations versus 23.6% in mail order outlets.

As for services which are not of an emergency nature, most motorists, if they have not had the work done before departing n a trip, will wait until they can take the car to a dealer or service man they know and in whom they have greater confidence. In neighborhoods, however, aggressive dealers are continually offering special prices for individual services such as tune-ups, brake adjustments, winterizing specials or spring changeover specials to promote additional sales.

When the effects of overhead on pricing are considered, two main items concern the highway operator. One is the high rental requirement, which can be traced to the

TABLE XIV

TIRE SALES BY CLASS OF OUTLET

(Replacement Tires Purchased - Year Ending May 1959)

Class of Outlet	New	Retreads
Gasoline Service Stations	33.4%	29.5%
Tire Dealers and Company Stores	30.8	36.8
Mail Order Outlets	16.5	6.9
Auto Supply Stores	6.5	2.1
Repair and Storage Garages	4.4	10.2
New/Used Car Dealers	3.5	4.1
Department Stores	1.7	0.7
Co-operative Stores	0.7	1.0
Others	2.5	8.7
Total	100.0%	100.0%

Source: Look Automobile and Tire Survey
National Petroleum News Factbook (mid-May 1960)
p.224.

TABLE XV

BATTERY SALES BY CLASS OF OUTLET

(Replacement Batteries Purchased in Years 1958, 1959)

Class of Outlet	1959	1958
Service Stations	36.2%	35.6%
Mail Order Houses	23.6	22.7
Auto Supply Stores	16.0	10.3
Repair and Storage Garages	9.2	9.9
Car Dealers	5.3	5.9
Tire Dealers and Company Stores	5.1	5.4
All Other Outlets	4.6	10.2
Total	100.0%	100.0%

Source: Look Automobile and Tire Survey.
National Petroleum News Factbook (mid-May 1960), p. 224.

premium rates the supplier has to pay the governmental authority, in order to outbid the competitors for the privilege of having an outlet on the highway. There is great variation in these rates. The Massachusetts Turnpike Authority lease, covering a Cities Service station in Natick, charges the petroleum supplier $.063 per gallon of gasoline plus 10% of all other sales.[1] In the lease between the Massachusetts Department of Public Works and the Atlantic Refining Company, covering a station on Route 128 in Lexington, the rental charge is $.0201 per gallon of gasoline, plus $.08 per gallon of oil, plus 10% of gross receipts from sale of all other merchandise and services.[2]

The Lexington dealer's rent is charged on the basis of a flat fee plus a given amount per gallon override; such as $500.00 plus $.01 per gallon over 30,000 gallons per month. For neighborhood dealers the rental charge is usually $.015 per gallon for a one bay wood, brick, or stucco station; $.0175 per gallon for a two bay; $.018 for a two bay porcelain; and $.019 per gallon for a three bay porcelain station. A minimum charge is based n 60% of the estimated volume at whatever the per gallon rate might be. If the neighborhood dealer owns his own station he is in a much more favorable position and

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[1]"Lease Covering Operation of Turnpike Service Stations," Massachusetts Turnpike Authority, (November 21, 1956).

[2]"Indenture of Lease . . . between the Commonwealth of Massachusetts . . . and the Atlantic Refining Co." (January 12, 1953).

can use this advantage to shade retail prices or provide better services. Another factor is the state regulations governing the number of men which a highway dealer must provide and the minimum wages he is required to pay them.

Pricing in Neighborhood Locations

In non-highway stations in Metropolitan Boston, the average markup over the Dealer Tankwagon Price for gasoline is $0.04 for regular and $0.045 for premium, with some dealers in the highly competitive areas making a markup of $0.03 and $0.035 or in a few cases $0.02 and $0.025.[1] In some of the outlying residential towns, where the customer income level is higher or the number of service station permits is limited, the dealers are able to get markups of $0.06 and sometimes $0.07 per gallon. Illustrations of this are Milton, W estwood, Newton, Wellesley and Winchester. In these areas the many variables that accompany prices are considered as substantial inducements to the customer as are prices. Among these are quality of product, character of service, convenience of outlet, and reputation for customer satisfaction.

In many areas--substantial in volume--prices constantly are cut. The leaders in these localities seek volume sales and draw from surrounding territories. Two surveys were carried out to investigate these situations, and

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[1]"Wide-Area Pricing - What It Means to Marketers Today," National Petroleum News (November 1960), p. 104.

variations, as expected, appeared (Tables XVI-XVII). Interesting in themselves, the figures also suggested that the companies distributing the various major brands within a marketing area had different attitudes with regard to retail pricing.

Chevron, with 81% of observed outlets below normal (Table XVIII), new in the area, is eager to increase its market share. With its investment in a small number of outlets, it has less at stake than larger, established firms such as Texaco and Gulf when making a decision to drop the tankwagon price or to grant a temporary allowance to dealers to meet competition.

The Tydol brand in Metropolitan Boston is handled primarily by a large distributor, who has grown to his present size through an aggressive price policy. This firm also supplies one of the larger local brand chains, and is rumored to be part owner. With 51% of this brand below normal (Table XVIII), obviously they are acutely sensitive to any new trend in pricing.

In referring to the traditional 2¢-3¢ spread between major brand and private brand gasoline, Sun Oil Company's Marketing Vice President, Willard W. Wright was quoted in National Petroleum News as follows: "It is high time that we find a better reason than custom or tradition when we come to evaluating competitive conditions in local markets. We're going to evaluate our own position, see how badly we're

TABLE XVI

DEVIATIONS FROM MODAL RETAIL GASOLINE PRICE

(Cents per gallon)

January - April, 1960

	-4¢	-3¢	-2¢	-1¢	0¢	+1¢	+2¢	Total Stations
American			3	2	7	3		15
Atlantic				8	18	3		29
Chevron			4	9	3			16
Cities S.				1	6	3		10
Esso			3	6	31	3		43
Gulf				1	23	8	1	33
Jenney			3	2	13	10		28
Mobil			5	17	19	18		59
Shell			1	12	13	5		31
Sun				7	19	6		32
Texaco			6	9	17	20		52
Tydol		1	10	14	14	10		49
Unbranded	2	6	3					11
Total	2	7	38	88	183	89	1	408

AVERAGE DEVIATIONS

Unbranded	-2.91¢
Chevron	-1.06
Tydol	- .55
Amoco	- .33
Shell	- .29
Esso	- .209
Atlantic	- .172
Mobil	- .15
Sun	- .031
Texaco	- .019
Jenney	+ .0715
Cities Serv.	+ .2
Gulf	+ .273

Source: Tables VI -- IX

TABLE XVII

DEVIATIONS FROM MODAL RETAIL GASOLINE PRICE

(Cents per gallon)

January - April, 1962

	-4¢	-3¢	-2¢	-1¢	0¢	+1¢	+2¢	+3¢	+4¢	Total Stations
American				1	6	10	6			23
Atlantic					13	17	2	1		33
Chevron					4					4
Cities S.				3	17	1			1	22
Esso				13	18	27	11			69
Gulf				2	14	14				30
Jenney					14	13	4		1	32
Mobil				4	13	24	3	1		45
Shell				5	17	5				27
Sun			4	12	19	7				42
Texaco				3	14	30	6	3		56
Tydol				7	35	11	2			55
Unbranded	3	10	31	23						67
Total	3	10	35	73	184	159	34	5	2	505

AVERAGE DEVIATION

Unbranded	-1.9¢
Sun	- .31
Chevron	0
Shell	0
Cities Serv.	+.091
Tydol	+.145
Gulf	+.4
Esso	+.52
Mobil	+.64
Atlantic	+.7
Jenney	+.78
Texaco	+.86
Amoco	+.91

Source: Tables X -- XIII

TABLE XVIII

DEVIATIONS FROM MODAL RETAIL GASOLINE PRICE

(Percent of Outlets)

	-4¢	-3¢	-2¢	-1¢	0¢	+1¢	+2¢	Total Stations
American			20%	13%	47%	20%		15
Atlantic				28	62	10		29
Chevron			25	56	19			16
Cities S.				10	60	30		10
Esso			7	14	72	7		43
Gulf				3	70	24	3	33
Jenney			11	7	46	36		28
Mobil			8	29	32	31		59
Shell			3	39	42	16		31
Sun				22	59	19		32
Texaco			12	17	33	38		52
Tydol		2	20	29	29	20		49
Unbranded	27	64	9					11
Total								408

PERCENTAGE DEVIATIONS SUMMARY

	Lower	Modal Price	Higher
Unbranded	100	--	--
Chevron	81	19	--
Tydol	51	29	20
Shell	42	42	16
Mobil	37	32	31
Amoco	33	47	20
Texaco	29	33	38
Atlantic	28	62	10
Sun	22	59	19
Esso	21	72	7
Jenney	18	46	36
Cities S.	10	60	30
Gulf	3	70	24

Source: Tables VI - IX

getting hurt and then move."[1] It is evident from Table XVIII that they have been moving to reduce the traditional major-unbranded spread. Their introduction of the subregular grade "190" is priced to meet unbranded in most areas.

Shell (42% below normal) also is obviously concerned about the rapid growth of private brands. The objective of their TAP (Trading Area Plan) system of sharply reduced tank-wagon prices is to shrink the private brand differential. It may be reduced to 2¢, 1¢ "or we may even feel we must meet them on the nose."[2]

A 1961 DuPont survey "Profile of the Motorist," made as a follow-up to a similar survey of 1952, showed that the more important reasons given for trading at a station were service, convenient location, dealer friendship and brand preference. Comparing 1961 to 1952 showed a noticeable decrease in the importance of brand preference and an increase in the importance of price, credit, and premiums or stamps.[3]

In neighborhoods, using the price of gasoline as their primary appeal, are independent or unbranded dealers as well as discounters and mail order houses. There are no unbranded, independent, discount or mail order house stations

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[1]"'Don't Tread on Me'--Anymore," National Petroleum News (May 1958), p. 82.

[2]"Behind the Pricing Plan That Jolted Midwest Markets," National Petroleum News (March 1961), p. 95.

[3]"Profile of the Motorist," Petroleum Chemicals Division, E. I. duPont de Nemours & Co.(Inc.), Wilmington 1961.

on any of the non-access highways in eastern Massachusetts.

While the growth of independents for the most part is clearly the result of lower prices, and while these prices have a terrific leverage on all retail prices in their areas, there is both mystery and misinformation as to what makes the independents successful. Some marketers talk about the indepencents as if they all charged the same prices and operated alike. This really is not true, as independents operate in a variety of ways. In the Greater Boston area, Merit and Bay State operate their stations with paid employees; Tulsa or Quincy on a lease or contract basis and Jenney uses all three methods.

Price surveys of the independents taken in selected cities and towns of Greater Boston indicate variations of from 2¢ to 4¢ below the most common or modal price of all dealers. However, Jenney, the largest private brand marketer in Massachusetts, has most of its dealers posting the same and in some instances higher prices than major brands. In fact, marketers consider Jenney to be in the same class as the majors. In the area surveyed, 13.5% of the stations were lower priced independents (Jenney obviously excluded). A recent survey by Texaco showed that for the year 1961, these private brand dealers held a 14.3% share of the Boston market.[1]

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[1]Letter from Division Manager to District Managers, Texaco Inc., Chestnut Hill, Mass., March 13, 1962.

The individual station owners as well as the petroleum companies themselves are constantly faced with the dilema of what to do about price competition. When prices deteriorate in any given market, several methods are employed by major companies to assist dealers. These are called "Wide-Area Plan," "Chicago Plan," "Suggested Competitive Retail Price Plan," "Trading Area Plan," and "Temporary Voluntary Allowances."[1]

The "Wide-Area Plan" (WAP), introduced to New England in 1959, is a system by which price moves cover a wide area such as the entire eastern half of Massachusetts. All other types of dealer price assistance are eliminated and the dealer tankwagon price is moved as necessary to meet competition on a broad scale. The objectives of the Wide-Area Plan are: (1) to enforce market stability by increasing the stakes involved in a price change; (2) to eliminate the cost of administering dealer aid on a local basis; (3) to minimize gallonage drainage from normal markets into depressed ones; (4) to cut cross-hauling; (5) to eliminate possible price discrimination to dealers in the same general area. Drawbacks are: (1) limited pricing flexibility; (2) vulnerability to inroads by sparsely represented price-cutters; (3) tendency to force reduced margins on marketers not directly involved in price problems within an area; (4) tendency to depress traditional wholesale levels.

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[1] National Petroleum News Factbook (midOMay 1962), p. 204.

The "Chicago Plan" is a method introduced by Texaco to determine whether a dealer is entitled to price assistance in meeting competition. Starting with the prevailing competitive retail price, the supplier deducts the tankwagon price. The supplier then absorbs 80% of the difference between this and 4¢. If the result is below a predetermined 4¢ margin, further price assistance is granted.

The "Suggested Competitive Retail Price" (SCRP) system was introduced by American Oil Company. The supplier evaluates existing retail market levels, suggests a competitive price to its retailers and determines wholesale prices by a percentage discount from the SCRP.

The "Trading Area Plan" (TAP), previously mentioned on page 94, is used by Shell to extend dealer support over small, predetermined "areas of influence" on a share-the-loss basis. It is used in places where private brands are posting well below major postings and the object of the plan is to shrink the private brand differential. For every 1¢ that dealers have to lower pump postings to meet competitive prices, Shell reduces its tankwagon by 0.7¢. Trading areas are determined by what Shell calls "areas of influence" or a group of stations that feel each other's effects.

" Temporary Voluntary Allowances" (TVA) are rebates, discounts or subsidies given by a supplier to assist a retailer in a depressed-price market. They are also called "competitive allowances" or "voluntary allowances." The plan

is flexible but arbitrary. The allowance can be large or small and cover a broad or a confined area. The main limitation is that the administrative handling of the plan is extremely burdensome.

In his book "Gasoline Pricing in Ohio," Edmund P. Learned states "Gasoline prices, not only at the retail level but also at the tankwagon level, are very strongly affected by the price decisions of a few aggressive, price cutting dealers characteristically selling high volume and more often than not carrying a private brand of gasoline."[1]

DeChazeau and Kahn in their book, "Integration and Competition in the Petroleum Industry," state that there are so many informal influences brought to bear upon retailers in determining their markups, that the characterization of the process as a competitive one, while basically correct, tells only a part of the story. This inadequacy probably reflects in part, the peculiar complexities of gasoline distribution; it also reflects the sparse content of the abstract concept of competition, which necessarily fails to convey the rich diversity of custom that characterizes any market.[2]

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[1]Edmund P. Learned and Catherine C. Ellsworth, Gasoline Pricing in Ohio, Division of Research, Graduate School of Business Administration, Harvard University, Boston, 1959.

[2]Melvin G. deChazeau and Alfred E. Kahn, Integration and Competition in the Petroleum Industry, New Haven, Yale University Press, 1959, pp. 471-478.

CHAPTER V

CUSTOMER RELATIONS AT POINT OF SALE

After consideration of products and services and efforts to promote their sales, a further fundamental factor in the overall service station marketing mix is the area of relations with customers at the point of sale. Involved are appearance and rapport of the sales personnel themselves, how the merchandise is paid for, and the service facilities available for the customer's comfort and convenience.

Personnel

In discussing sales personnel, we consider the number of persons needed, their age and appearance. Also of importance is their knowledge of merchandise, services and station advertising as well as their use of tact, courtesy and aggressive selling methods. The degree of specialization and training of sales personnel must not be overlooked.

Generally highway type stations with their greater potential volume tend to attract the most competent dealers. Neighborhood dealers run the gamut from outstanding businessmen with highly developed management skills and great sales ability to the other extreme--incompetent.

It takes a capable businessman to manage all the details associated with operating a business even of moderate volume. The bulk of the neighborhood stations have annual

sales volumes which fall in the vicinity of one hundred thousand dollars; highway stations run around three hundred thousand.[1]

Customer relations on the highway are impersonal, and intermittent. In communities where a dealer meets his customer once a week, more or less, the personal touch is a most definite asset in building a clientele of steady customers. The alert aggressive dealers generally join local business groups such as the Lions, Elks, Kiwanis or Rotary. Many of his fellow club members become his regular customers.

As for the sales personnel other than the station operator himself, leading dealers recommend intensive training. However, in most cases this type training is neglected. Mechanics, of course, require much specialized training. The complex nature of the modern cars with their four barrel carburetors, automatic transmissions, power steering, and power brakes, leaves no room for amateurs. The use of electronic devices for tune-up such as oscilloscopes and engine analyzers, increases need for specialization.

In most cases major petroleum suppliers provide sales and management training, and even pay attendants.[2] A

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[1] See Tables XXVI-XXX

[2] Atlantic Refining Company maintains a continuous training school in Providence, Rhode Island. The complete course lasts four forty-hour weeks and dealers are paid $65 per week plus travel expenses while attending.(Cont. p.98)

new dealer is generally required to complete in a satisfactory manner a company sponsored sales and management orientation program. The more successful operators with a greater number of personnel are known to take advantage of these training programs eagerly; but the smaller, less successful dealers, who need it most, have to be pushed, prodded and cajoled into attending personally or sending their men. Since there is a much closer supplier-dealer relationship at the highway stations, most of these dealers and their full-time sales persons have completed the supplier's training course. In addition to the formal training, the supplier representatives are continuously educating dealers with regard to customer relations and in the overall management of the station.

Further training assistance is provided through TBA suppliers. An illustration of this is the General Motors Training Center, 990 Providence Highway, Dedham, Massachusetts. Those dealers who purchase Delco brand parts and accessories, make arrangements to attend through their TBA representative. Dealers or their personnel are taught the fundamentals of tune-up and repairs, and may continue on to the advanced and more specialized training in the various automotive systems. Other large suppliers of parts and accessories have similar

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(cont. from p. 97) Texaco Inc., has a similar four-week training school held in a service station in Quincy, Massachusetts and pays the dealers $75 per week, but does not include any travel expenses. Esso and Gulf have comparable training schools located in Brookline, and pay similarly.

programs.

Texaco Inc., puts on training conferences periodically (usually quarterly). These are seminars, generally held in the evening, at which a Texaco sales representative meets with ten or fifteen of his dealers and attendants for the purpose of discussing some particular phase of service station operation. Such subjects as Financial Management for Service Stations, Selling in the Neighborhood and the Selection, Training and Development of Service Station Personnel are covered.[1]

Although all these types of training were available to all dealers, it was found that the highway type dealers took the greatest advantage of the opportunity to help improve their personnel. Too many of the community dealers, either because they were afraid to leave their stations in the hands of subordinates or because they were unaware of the value of such training, failed to utilize the opportunity.

The number of sales personnel required for stations varies according to how the volume peaks, daily, weekly and seasonally. Of course, particular situations affect individual stations. Some stations operate around the clock, others depend primarily on a nearby shopping center, factory or resort area. Divided roads and one-way streets also effect the

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[1]Appendix p. 146ff

time and extent of rush hours.

According to a DuPont survey covering the entire United States, the peak period for service station business is between three and six PM. A lesser rush period occurs between seven and ten AM.[1]

An Ethyl Corporation survey found that over eighty six per cent of the service station dealers in the United States have from one to five helpers, including both full-time and part-time. Over twelve per cent have from six to ten helpers and one and one half per cent have over ten helpers.[2] On the whole they are a young group. (See Chart I)

Another survey by DuPont, with a slightly different breakdown indicates that thirty-three per cent of the service stations in the United States have no full time employees; twenty-nine percent have only one; twenty per cent have two; eight per cent have three; five per cent have four and five per cent have five or more full time employees. The average for the entire United States is one and four tenths full-time employees per station.[3] Obviously the owner-manager or managers are not included.

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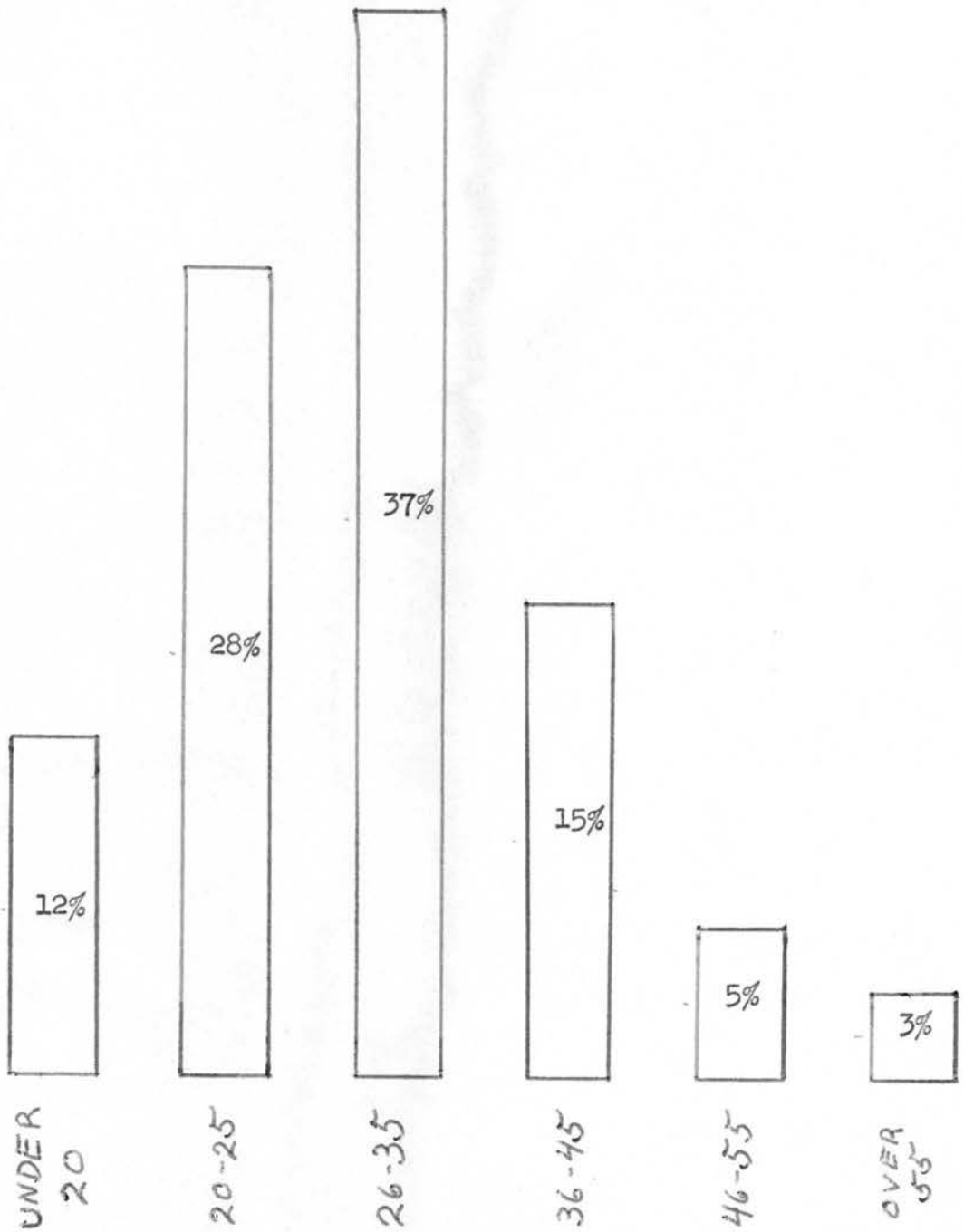
[1] E. I. DuPont de Nemours Co.(Inc.), The Service Station Operator, Vol. 1 (Wilmington 1955).

[2] Ethyl Corporation, Service Station Personnel (New York).

[3] E. I. DuPont de Nemours Co.(Inc.), The Service Station Operator, Vol. 4 (Wilmington 1955).

CHART I

Age Distribution of Service Station Attendants



Source: Ethyl Corp., Service Station Personnel (N.Y.).

The same survey also shows that forty-six per cent of the stations in the United States have no part-time employees; thirty-one per cent have only one; sixteen ler cent have two; four per cent have three; two per cent have four and only one per cent have five or more. The average number of part-time employees per station for the entire United States is nine tenths of one person.

At the non-access highway type stations in the area investigated, the dealers indicated that their personnel requirements run from a low of twelve to sixteen men in the winter time to a high of from twenty-two to twenty-six men in the summer time. Of these, from eight to twelve were regular, full-time men year-round and the other requirements were met by part-time helpers or temporary summer time workers.

The reason for the comparatively high needs in personnel is primarily due to the fact that all he non-access highway stations in the area covered are open for twenty-four hours per day. A very small number of the stations in communities operate on a twenty-four hour basis. DuPont's survey indicates that for the entire United States, slightly over five per cent of all stations open for twenty-four hours while in the Northeast, less than four per cent stay open twenty-four hours. This includes both types of stations.[1]

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[1]E. I. DuPont de Nemours Co.(Inc.), The Service Station Operator, Vol. 1 (Wilmington 1955).

The appearance of service station personnel at the point of sale is another factor in customer relations. It adds to the drawing-in power, and at the same time builds customer confidence. Most major oil companies have a particular uniform of approved style and color, which they feature in their advertising as part of the overall image. They try to point out to their dealers the benefits of identifying themselves with the advertising of the supplier. Here again, the close association of the highway dealers and their suppliers has resulted in almost one hundred per cent conformity of these dealers and their attendants. In the communities, however, failure to cooperate is prevalent. Although leading dealers recognize the value of clean neat approved type uniforms, the majority of dealers and their men wear all sorts of combinations of coveralls, hunting jackets, overalls, sweaters, hooded sweatshirts and in summer time, "T" shirts.

A great difference between highway sales personnel and neighborhood sales personnel is evident in the knowledge of merchandise and services offered for sale. Full-time attendants at highway stations, generally well schooled by the supplier, know the features and selling points of the products and services. The average neighborhood attendant, for the most part, is limited to what he can pick up from his employer. As an illustration, in the average neighborhood station, most sales of tires, batteries and tune-ups, where a substantial amount of product knowledge, selling ability

and bargaining experience is needed, are made by the dealer or manager. This holds true for services also; local dealers indicated that the sale of extra services drops off substantially when the dealer himself is not there to do the selling or to motivate the attendant.

Supplementing a salesperson's knowledge of merchandise is his knowledge of the station's advertising. Since most advertising connected with the station is handled by the principal suppliers of petroleum and TBA, the dealers themselves do not have to orientate or indoctrinate attendants to a station advertising policy or plan. For a large promotional campaign, sales meetings are held by the supplier, where the program is completely outlined to dealers and service station personnel attending. Highway stations generally cooperate, their people becoming most familiar with the program. On the other hand, locally, while leading dealers usually have their men fairly well briefed on a program, there is a fifty-fifty chance that the smaller dealer himself does not get to the supplier's meeting, let alone his men. The only briefing he gets is from the supplier representative on routine call and the sales lromotion point-of-sale materials. The attendant's knowledge, even more sketchy, is generally limited to what he can pick up from the dealer or representative--if he is interested.

The failure by sales and service personnel to use tact, courtesy a nd suggestive selling techniques at service

stations is a sore spot with most suppliers. Training schools help a great deal with full-time personnel, but turnover of part-time hellers makes the training task quite insurmountable.[1] Although customers generally depend on their service station men as so-called automotive experts to tell them what they need, it is a rare dealer or attendant who provides this service. They do not even fulfill their moral obligation to point out to their customers the dangers involved by not keeping their vehicles in safe operating condition. Highway dealers are far ahead of their community counterparts. Dealing with transient customers, they have to uncover the need and close the sale on the spot. Full-time men and as many of their part-time men as possible are sent to the training schools. In addition they use "concentration plans," weekly specials where the attendant is required to make a special effort to check a particular item such as the fan belt, filter or radiator cap. If replacement is needed, he tries to sell it to the customer.

All major petroleum suppliers have developed step-by-step plans:--precise instructions on how to approach the customer, fulfill his request, uncover needs, and sell quickly and efficiently. For example, one system starts with the attendant greeting the customer pleasantly, taking the order and

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[1]Interview with John F. Mason, Dealer Training Representative, Texaco Inc., March 7, 1960.

cleaning the left side of the windshield. The second step is to fill the order, look at the tires on the left side of the car and clean the rear window. The third step is to clean the right side of the windshield, check the wiper blade and look at the tires on the right side of the car. Step number four is to ask to check under the hood or release it from the outside and check the water, oil and battery. Step number five is to suggest car needs and ask the customer to buy. After completion of the sale and collection, thank the customer and send him away with a friendly smile. Additional selling systems include "Selling a the Driveway," "Selling in the Lube Bay" and "Selling in the Salesroom."[1]

Paying for Merchandise

The situation involved in paying, important to customer relations, may involve cash, checks, credit cards, budget plans or even exchange credits and adjustments. How the sale is recorded is important to the seller's ability to maintain control.

Most dealers have some form of cash register. However, a few still work from a cash drawer or even from their own pocket full of change and bills, with little or no regard for keeping records. Highway stations in the area covered employ cash registers, either in the salesroom or office, making the customer wait or during the summer, on one of the

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[1]See Appendix p. 146ff.

islands where only a few steps are needed to handle the transactions. Few of the neighborhood stations do sufficient volume to warrant setting up the cash register in this way. In most cases, the distance from island to office is not as far as on the highways.

For cash transactions, the majority of cases, no sales slip is required by gasoline purchasers even though most dealers have some form on hand. Generally those who need such records for taxes or otherwise use a credit card.

Closely allied to payments by cash, are payments by check. All the highway dealers interviewed, indicated that, with adequate identification, they accept checks in payment for merchandise. However, the transient nature of their clientele precludes cashing of larger checks as a customer convenience. The situation is quite different in the community stations. With proper identification or personal recognition, most neighborhood dealers will ash payroll checks or personal checks for their customers. Some of the more aggressive dealers promote this service as a business builder and have on hand extra funds on paydays.

Although almost all neighborhood dealers have some type of cash register, most of them do not use the tapes to analyse their sales. Instead they only use the tape and totalizers to balance out their daily cash receipts. Highway dealers, however, prepare quite detailed records for analysis of both sales and expenditures.

Service work in the bays is usually written up on a service ticket showing such information as the customer and car identification and work ordered. The form can be a helpful selling tool--a printed check-off list to remind the sales person and the customer of the items possibly needed to put the car in proper operating condition. In highway stations these sales and service tickets are retained for future sales analysis, for verifying adjustments, and for working out incentive plans. One dealer ran a sales contest for his attendants with prizes for attaining the highest average dollar value of service tickets during a given month. Few of the community dealers were found taking advantage of such records.

The handling of credit at the time of sale is also of importance in customer relations. The credit card is an appreciated convenience both to customer and seller. The customer, with no need to carry extra cash, is on his way with a minimum of delay. For the dealer, the credit card and its imprinter save time and money by minimizing writing and at the same time by eliminating errors arising from hastily scribbled names and addresses. With no need to make verification calls or to check voluminous files, the salesman merely checks the expiration date and the latest list of lost or revoked cards.

Although burdensome, dealer financed personal charge accounts are important at almost all community stations,

especially since repairs cannot be charged on a regular credit card of most major petroleum suppliers. Some feel that personal charges tie customers to the one individual outlet. Credit cards encourage customers to make purchases at other local stations carrying the same brand. A few aggressive dealers feel that their personally extending of credit provides an effective tool to close a difficult sale. They also avoid price haggling. Special discounts to commercial customers are controlled by tying the discount to prompt payment.[1]

Budget plans as a means of paying for merchandise in service stations both on and off non-access highways have never been fully exploited. All major petroleum suppliers, as stated previously, provide for time payment for purchases of tires, batteries or accessories over a specified amount, as part of their regular credit card policy. Leading tire suppliers such as Firestone and B. F. Goodrich also have budget plans available.

The deferred payment credit card plan of the petroleum supplier, previously mentioned, are rarely used, as little selling effort in this direction is extended by most stations. The dealers on the highways, although more sales minded, sell high dollar value items only in emergencies. Only the leading neighborhood dealers have been able to train their personnel to make some sort of sales effort. The average neighborhood

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[1]Interview with George V. Brown, Pres., Lapham-Brown Oil Corp., Chestnut Hill, Mass., April 8, 1960.

dealer just fills orders.

Returns and adjustments at service stations present a comparatively minor problem. The highway dealers with transient clientele have little trouble of this kind; community dealers do have problems of this type occasionally. The rare complaint on petroleum products, generally a question of contamination, is handled by the supplier and the dealer jointly. Since dealers, technically, are independent businessmen, petroleum suppliers initially disclaim responsibility for service type complaints; but if the dealer refuses to adjust a legitimate claim, the supplier will. Lessee dealers, are more amenable to the supplier's settlement suggestions. The "big four" tire suppliers all have similar adjustment policies. They replace the tire free, but charge the customer a portion of the retail list price based on the percentage of tread wear as measured by a tread depth guage. With this standard policy, a purchaser does not have to bring the tire back to the seller, but can have the claim adjusted at any authorized dealer.

The point where a dealer has to set his own policies is in the area of adjustments on mechanical work performed on cars. Since this generally involves merely the expending of labor to adjust the discrepancy or to do it over, no additional direct outlay is involved, these are generally handled with minimum dispute. Some of the well established neighborhood dealers carry garagemen's liability insurance so that if major damage is done by a repairman, it is covered by insurance. All of the highway dealers asked now carry this type of insurance.

A minor problem because of their relative rarety, returns and adjustments in almost all of the stations investigated are handled by the proprietor, dealer or manager. None feel a set policy is necessary, claiming they handle each situation on its own merits.

Complaints received at the main offices of Texaco, (one or two monthly for the Boston District), as a general policy, are answered within twenty-four hours by mail and a personal call made on the customer by a field representative within one week. Unless the complaint is ridiculously unreasonable, it is usually settled to the customer's satisfaction.[1] Most major petroleum companies operate in like manner.

Customer Services

Service facilities for the comfort and convenience of the customers are another important part of customer relations at the point of sale. These facilities include such things as rest rooms, lounges or waiting rooms, refreshments and touring information.

Attractive and well-equipped rest rooms have become an essential part of all stations except the very old or the very small, and are particularly important on limited-access highways. Petroleum suppliers promote this feature

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[1]Interview with Mr. John T. McHugh, District Manager, Texaco Inc., Chelsea, Mass., January 15, 1960.

extensively in all forms of media. Such slogans as "Clean across the country," and "Something a lady appreciates,"[1] are well known to many tourists. Rest rooms at highway stations, complete with soap, tissue, paper towels and drinking cups, are inspected every hour or two to be sure that they are clean and well stocked.

All the community stations which have been built in the past five to ten years in this area have equally modern facilities, that need to be inspected only twice a day. A number of neighborhood dealers do not realize the value of attractive rest rooms. Although they do have all the necessary equipment, they fail to maintain the same degree of cleanliness as their more modern competitors. One major supplier installs in each of the rest rooms of its company-owned or leased stations a signal switch connected to a light in the office with a sign requesting users to turn on the switch if any of the supplies are needed.[2]

A problem for dealers near shopping areas are the pedestrians who use rest room facilities. To restrict this traffic is difficult. The pedestrian may have a car parked a block away and perhaps might be a customer a day or two later. In addition he must consider overall good will for himself, the station and the brand image.

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[1]Texaco Inc.

[2]Gulf Oil Corp.

The close proximity of a restaurant to all of the highway stations in this area provides an excellent answer to the motorist's problem of finding a clean, comfortable place to relax while waiting for his car to be serviced. Often the closeness of the highway restaurant promotes service station business. Although none of the highway stations have a customer lounge or waiting room, several of the large community service stations have waiting rooms with easy chairs, magazines, newspapers and a radio. Most neighborhood stations provide chairs in the salesroom with magazines, newspapers and a radio also.

Almost all neighborhood dealers provide automatic vending machines. These vary in number and size depending on the individual dealer. Most have at least a cigarette machine and a soft drink dispenser but others include machines which dispense candy, cookies, nuts and even hot chocolate, coffee or tea. An increasing number now are installing electrically operated water coolers.

The highway stations on the limited-access highways in Massachusetts do not have food dispensers of this type. The lease between the Massachusetts Turnpike Authority and the petroleum companies states that "No food or related items shall be sold in conflict with items sold by restaurants without prior written approval."[1]

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[1]"Lease Covering Operation of Turnpike Service Stations," Massachusetts Turnpike Authority (November 21, 1956).

One thing which all stations dispense in varying amounts as part of their customer service is information. This varies all the way from showing the way to the center of town to planning a trip from coast to coast. All major petroleum suppliers make maps available at the stations. Most offer a touring service which will route the shortest or the most scenic trip between points requested. Most dealers who are on well travelled roads also provide the tourist with information about historic sites, points of interest, hotels and restaurants. They usually have the latest information on detours or local road construction to supplement the overall plan of the home office touring service.

CHAPTER VI

OPERATING RESULTS

An analysis of the operating results of the various types of stations indicates that the smaller station proprietor at least "earns a living," and the large operator enjoys a fairly substantial return. It is interesting to examine the change in profitability as the stations grow in sales volume (see Table XIX). Starting with the smallest, it appears that profits firstly grow faster than increases in sales. (Category B shows an increase in profit over category A of 28% from a sales increase of 22%) The profits of the next larger category improve only by 2% despite an improvement in sales of 22% (category C contrasted with category B). The trend then reverses and as the station grows it becomes relatively more profitable (class D sales volume increased 7% over C, while profits were up 14%). Thus far, neighborhood stations were examined. The highway station's volume (class E) is substantially higher than even the largest typical local dealer. Its gain, however, though considerable is not quite proportionate--an increase in sales volume of 122% was accompanied by an increase in profit of 98%.

Obviously the two important factors affecting net profit are the merchandise mix and control of expenses.

TABLE XIX

COMPARISON OF OPERATING DATA FOR AVERAGE STATIONS IN SELECTED CATEGORIES

	Sales	Cost of Sales	Gross Profit	Expenses	Net Profit
A	$7,227.18	$5,233.17	$1,994.01	$1,450.43	$ 543.58
	100%	72.4%	27.6%	20.1%	7.5%
B	8,821.59	6,546.85	2,274.74	1,579.98	694.76
	100%	74.3%	25.7%	17.8%	7.9%
C	10,779.41	8,039.79	2,739.64	2,032.52	707.12
	100%	74.6%	25.4%	18.8%	6.6%
D	11,544.55	8,825.88	2,718.67	1,912.84	805.83
	100%	76.5%	23.5%	16.6%	6.9%
E	25,890.63	19,621.00	6,269.63	4,669.90	1,599.73
	100.0%	75.8%	24.2%	18.0%	6.2%

A: 15-20,000 gal./month

B: 20-25,000 gal./month

C: 25-30,000 gal./month

D: 30-35,000 gal./month

E: Highway stations

Source: Tables XXVI - XXX

Table XX demonstrates the breakdown of sales by product classification in the various sized operations. Table XXI presents by merchandise classification the gross margin obtained by the various sized operations. The highway dealer does almost 86% of his business in gasoline, which naturally limits his gross profit. The neighborhood dealer, on the other hand, does a larger portion of his business in TBA, motor oils and service work--these are more highly profitable. (The personal touch of the owner-operator in the very small station naturally makes for the increase in the proportion of sales of motor oils, TBA and service work). It must be understood, of course, that gasoline is fundamental to the business providing the essential basic volume which can never be ignored.

With this in mind, certain neighborhood operators concentrate on gasoline at a lower price and draw customers from wide areas. They virtually ignore--with the exception of motor oil--sale of other products and services. They accept low margins to attain volume and the accompanying reduction in expenses. (Category D Table XIX demonstrates the effect of this type operation.)

The small local dealer is handicapped to some extent by the high, essentially fixed expenses of rent and labor (Table XXII). Though small, he still has to have a certain amount of help and the cost of an attendant is about the same whether in a small or large location. The

TABLE XX

SALES ANALYSIS OF VARIOUS SIZE STATIONS

BY PRODUCT CLASSIFICATIONS

(Merchandise Mix)

	A	B	C	D	E
Sales $	$86,726	$105,859	$129,353	$138,535	$310,688
Net Sales %	100%	100%	100%	100%	100%
Gasoline	70.79%	76.65%	76.01%	78.87%	85.75%
Motor Oils	5.22	5.28	4.44	4.68	4.16
Other Oils	.20	.27	.34	.28	.24
Tires & Tubes	4.18	4.07	4.27	4.32	2.17
Batteries	1.45	.97	1.10	.95	.33
Accessories	9.92	7.01	6.81	6.13	4.92
Labor	5.02	3.52	4.97	3.21	1.94
Lubrications	1.73	2.04	1.45	1.20	.49
Miscellaneous	1.48	.10	.61	.36	--

A: 15-20,000 gals./month

B: 20-25,000 gals./month

C: 25-30,000 gals./month

D. 30-35,000 gals./month

E: Highway stations

Source: Serv-A-Station of Massachusetts

TABLE XXI

MERCHANDISE CLASSIFICATION OF GROSS MARGIN PERCENTAGES

1961

	A	B	C	D	E
Av. Sales/Mon.	$7,227	$8,822	$10,779	$11,545	$25,891
Gasoline	18.7%	19.5%	20.0%	18.0%	20.5%
Motor Oils	38.9	40.5	41.9	40.3	44.3
Other Oils	40.8	50.0	47.1	48.9	40.0
Tires and Tubes	20.3	20.7	19.7	19.3	22.5
Batteries	25.2	22.1	22.2	14.1	32.7
Accessories	31.3	26.5	28.8	30.4	34.0
Labor	100.0	100.0	100.0	100.0	100.0
Lubrication	100.0	100.0	100.0	100.0	100.0
Miscellaneous	79.3	48.9	30.6	18.1	----
Av. Cost of Goods Sold	72.4	74.3	74.6	76.5	75.8
Gross Profit on Sales	27.6	25.7	25.4	23.5	24.2
Net Profit	7.5	7.9	6.6	6.9	6.2
Gross Profit $	$1,994	$2,275	$2,740	$2,719	$6,270
Net Profit	544	695	707	806	1,600
Av. Gross Profit Per Gal. Gas.	5.5¢	5.8¢	5.3¢	5.2¢	6.5¢

A: 15-20,000 gal./month
B: 20-25,000 gal./month
C: 25-30,000 gal./month
D: 30-35,000 gal./month
E: Highway stations

Source: Serv-A-Station of Massachusetts.

TABLE XXII

EXPENSES AS A PERCENTAGE OF SALES IN SELECTED SERVICE STATIONS IN METROPOLITAN BOSTON DURING 1961

	A	B	C	D	E
Sales $	$86,726	$105,859	$129,353	$138,535	$310,688
Sales %	100%	100%	100%	100%	100%
Emp. Wages	10.5	9.2	9.2	7.4	10.2
Supplies	.626	.589	.530	.479	.425
Small Tools	.149	.201	.160	.163	.110
Special Service	.522	.498	.433	.336	.421
Adv. & Prom.	.329	.336	.806	.514	.104
Rent	4.111	3.912	3.749	3.759	3.428
Laundry & Rags	.457	.406	.377	.311	.414
Station Vehicle	.352	.411	.454	.205	.283
Insurance	.525	.351	.430	.410	.548
Maint. & Rep.	.106	.080	.120	.112	.050
Util. & Phone	1.099	.812	.737	.543	.911
License & Taxes	.129	.110	.150	.177	.007
Bad Debts	.076	.002	.043	.076	.013
Disc. & Refunds	.042	.072	.480	.849	.260
Cash Shortage	.146	.095	.217	.153	.179
Int. & Charges	.054	.063	.113	.132	.016
Depreciation	.823	.744	.562	.721	.374
Misc. Exp.	--	.006	--	.024	.290
Total Exp.	20.1	17.8	18.8	16.6	18.0
Owner's Comp. & Ret. on Inv.	7.5	7.9	6.6	6.9	6.2
Total Gr. Margin	27.6	25.7	25.4	23.5	24.2

A: 15-20,000 gal./month
B: 20-25,000 gal./month
C: 25-30,000 gal./month
D: 30-35,000 gal./month
E: Highway Stations

Source: Serv-A-Station of Massachusetts.

large dealer, however, can distribute the expense more easily over larger volume and he is in a better position to get maximum utilization of labor. Expenses generally had a tendency to decline with growth in volume up to the point of the highway dealer who encountered some of the problems of size along with state regulations pertaining to help.

CHAPTER VII

SUMMARY AND CONCLUSIONS

In comparing the merchandising and sales promotion methods in service station operation in neighborhoods versus on highways, it is found that there are substantial differences in many areas.

Both types of stations carry similar types of products but while the neighborhood dealers carry a greater variety of lines with little depth, the highway dealers carry less variety as far as lines but in automotive products stock broadly and deeply. Many times neighborhood dealers tend to place greater emphasis on a particular section of inventory due to the requirements of location and the particular capabilities or preferences of the dealer. On the whole, however, because of their greater volume, the turnpike stations have a much larger investment in inventory.

In advertising, more of the leading neighborhood dealers try to promote their own names and try to identify themselves with the national brand image through local newspapers and special promotions. It is rarely done on highways. As another form of promotion, premiums and stamps are vitally important to the neighborhood dealers but have been neglected on the highways.

There is a great difference between selling personnel of the two types. Those on the highways were found to possess greater ability or sales consciousness due, no doubt, to the fact that highway dealers take greater advantage of the suppliers' training facilities.

The greatest area of difference was in pricing both from a merchandising and a sales promotion viewpoint. Since the state leases clearly indicate that a dealer will not be required to post a price lower than 6¢ per gallon above the "Average Normal Tank Wagon Prices," it appears that the highway dealers in this area use that figure as a minimum starting point to set their gasoline prices, with little regard for what is being posted by non-highway stations not too far away. The operating statements showed that the highway dealers worked on an average markup of 6.5¢ per gallon whereas for the neighborhood dealers it was from 3¢ to 5.5¢ per gallon. The community business is extremely sensitive to even small changes of the gasoline price. Yet, highway dealers are found to be usually 2¢ or 3¢ higher than their fundamental competitors even though their buying price is identical. The competitive price situation in neighborhood stations is to an extent due to the influence of private brand or discount dealers. There are no private brand dealers operating stations on limited-access highways in the area investigated.

As far as other products are concerned, not one instance was found where highway dealers stocked any low cost,

low priced specials. Highway operators, even with the benefits of better buying prices through quantity discounts, do not pass savings on to the customers to attract new business. In the communities, however, the highly competitive situation was the major factor in pricing of gasoline and other products or services.

Neighborhood dealers also face stiff price competition from mail order houses and discount houses in selling TBA. Since the highway stations sell most of these items on a more-or-less emergency basis, they charge list prices in most cases. Table XXI confirms this and demonstrated that in almost every department, the gross margin received by highway dealers was greater than that of the average urban dealer.

One of the glaring deficiencies of the highway stations is their general belief that they are in a monopolistic position with no competition and mostly transients for customers. In a recent survey by the American Petroleum Institute (Table XXIII), it was found that toll road motorists buy 80% of their gasoline at stations located off the toll roads across the country and found that an average of only 20% of all gasoline consumed on toll roads is purchased at service stations on these roads. The sales ranged from a low of 4.9% on the Garden State Parkway in New Jersey to a high of 43% on the Ohio Turnpike. The survey also brought out the fact that the average trip length was only 34 miles.

TABLE XXIII

GASOLINE SALES ON SELECTED TOLL ROADS

Toll Road	Length	Av. Trip Length	% Gas Sold to Consumer
N. Y. Throughway	539 mi.	35 mi.	20.0%
Garden State (N.J.) P'kway	173 "	22 "	4.9
Ohio Turnpike	241 "	81 "	43.0
Maine Turnpike	110 "	49 "	15.2
Conn. Turnpike	129 "	24 "	5.1
Penn. Turnpike	469 "	74 "	28.1

This chart presents a cross section of the nation's toll roads, showing how little gasoline is purchased at turnpike service stations, in proportion to the estimated total of gasoline actually consumed on these roads. On 17 toll roads covered by the API study, the over-all average of toll road gasoline sales to consumption was 20%. The average trip length was 34 miles.

Source: Oil Facts, Jan.-Feb. 1960, American Petroleum Institute, Committee on Public Affairs, 1271 Avenue of the Americas, New York 20, New York.

Isn't this an indication that the clientele of the highway dealers are not as transient as is generally believed? Highway dealers do not have the monopolistic advantage that they think they have.

Investigations could not uncover an instance where test marketing had been employed to determine the effect of more competitive pricing or the use of premiums. It is axiomatic in the industry that prices, premiums, and hours of operation are the primary factors in building gasoline volume. Of course the highway dealers operate on a 24 hour basis, but they should experiment with more realistic prices or premium stamps or both.

Another area requiring attention is in the sales of products and services other than gasoline. Obviously this is important because of the greater margins involved. Tables XXIV and XXV brought out the fact that neighborhood sales of products other than gasoline were at the average rate of $91.40 per thousand gallons of gasoline as compared to highway sales at a rate of $52.42. The amount and quality of personal selling carried on by service station personnel needs much improvement. Apparently, from Tables XXVI through XXX, those dealers in the smaller stations do a better job than their larger counterparts. No doubt this is due to the owner-manager applying personal attention and close supervision as well as doing a great deal of the selling himself. More instruction in selling and merchandising

TABLE XXIV

SALES RATIOS IN DOLLARS/1,000 GALLONS OF GASOLINE SALES

	A	B	C	D	E
Av. Sales/mon.	$ 7,227	$ 8,822	$10,779	$11,545	$25,891
Av. Gals./mon.	17,252	22,811	28,174	31,527	70,385
Motor Oils	$21.87	$20.44	$16.97	$17.13	$15.29
Other Oils	.83	1.05	1.28	1.02	.88
Tires & Tubes	17.50	15.75	16.35	15.80	8.00
Batteries	6.07	3.77	4.20	3.46	1.21
Accessories	41.55	27.11	26.07	22.41	18.09
Labor	21.03	13.59	18.60	8.41	7.13
Lubrication	7.26	7.09	5.54	4.38	1.82
Total	$116.11	$89.50	$89.01	$72.61	$52.42

Source: Serv-A-Station of Massachusetts.

TABLE XXV

AVERAGE SALES RATIOS/1,000 GALLONS OF GASOLINE
FOR NEIGHBORHOOD STATIONS IN METROPOLITAN BOSTON IN 1961

Average Sales/Month	$ 9,593
Average Gallons/Month	24,941
Motor Oils	18.83
Other Oils	1.03
Tires and Tubes	16.30
Batteries	4.28
Accessories	28.46
Labor	16.31
Lubrication	6.19

Source: Serv-A-Station of Massachusetts.

carried on not only by the station proprietors but also by their principle suppliers as well, would doubtlessly help.

What about the highway stations? These dealers and their men attend supplier training programs and yet their sales ratio of other items is the lowest of all. Could the problem be pricing not selling? Undoubtedly their philosophy of having a degree of monopoly powers and of dealing with transients plus the ensuing pricing practice has educated the public to the fact that they are high.

The lack of personal selling and the more limited inventories carried have already started a trend which does not bode well for service station dealers. Already they are having some of their business "stolen" away by more aggressive merchants. They have lost most of their car washing business to the so-called "minute wash" dealers. Stores specializing in seat covers, mufflers, etc., are taking a larger proportion of the service station dealers' profits. Discount houses, supermarkets, and department stores are putting in gasoline and automotive supply departments.

Are major petroleum suppliers aware that they have neglected the final link in the long chain from production through distribution channels to the ultimate user? They stand to lose whatever influence they have over retail outlets. Instead of making it so easy for inept and underfinanced individuals to enter or leave this business, should they not raise the standards of dealer selection,

training and development? This would no doubt attract more "businessmen" as dealers and benefit not only the suppliers as well as the operators themselves, but also the customers as well.

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APPENDIX

TABLE XXVI

Average Monthly Profit Statement for Service Stations in Metropolitan Boston Averaging from 15,000 to 20,000 Gallons of Gasoline per Month

	Gallons	Sales	Cost	Gross Profit
Gasoline	17,252	$5,116.09	$4,169.71	$955.38
Motor Oils	200	377.53	230.49	147.04
Other Oils		14.35	8.50	5.85
Tires & Tubes		302.05	240.69	61.36
Batteries		104.69	78.31	26.38
Accessories		717.24	492.32	224.92
Labor		363.00	-----	363.00
Lubrication		125.26	-----	125.26
Miscellaneous		106.97	22.15	84.82
Total		$7,227.18	$5,233.17	$1,994.01

OPERATING EXPENSES

Payroll (including taxes)	$759.20	
Supplies	45.26	
Small Tools	10.77	
Special Services	37.69	
Advertising and Promotion	23.19	
Rent	297.11	
Laundry and Rags	33.02	
Station Vehicle	25.44	
Insurance	37.95	
Maintenance and Repairs	9.65	
Utilities and Telephone	79.42	
Licenses and Taxes	9.35	
Bad Debts	5.48	
Discounts and Refunds	2.98	
Cash Shortage	10.54	
Depreciations	59.50	
Interest and Charges	3.88	
TOTAL EXPENSES		1,450.43
NET PROFIT (Owner's Compensation)		$ 543.58

Source: Serv-A-Station of Massachusetts.

TABLE XXVII

Average Monthly Profit Statement for Service Stations in Metropolitan Boston Averaging from 20,000 to 25,000 Gallons of Gasoline per Month

	Gallons	Sales	Cost	Gross Profit
Gasoline	22,811	$6,761.47	$5,442.99	$1,318.48
Motor Oils	247	466.19	277.52	188.67
Other Oils		24.13	12.07	12.06
Tires & Tubes		359.37	284.88	74.49
Batteries		85.89	66.92	18.97
Accessories		618.30	454.32	163.98
Labor		310.08	------	310.08
Lubrication		180.22	------	180.22
Miscellaneous		15.94	1.15	7.79
Total		$8,821.59	$6,546.85	$2,274.74

OPERATING EXPENSES

Payroll (including taxes)	$814.54	
Supplies	51.92	
Small Tools	17.74	
Special Services	43.96	
Advertising and Promotion	29.62	
Rent	344.09	
Laundry and Rags	35.79	
Station Vehicle	36.28	
Insurance	30.95	
Maintenance and Repairs	7.09	
Utilities and Telephone	71.74	
Licenses and Taxes	9.68	
Bad Debts	.16	
Discounts and Refunds	6.38	
Cash Shortage	8.41	
Interest and Charges	5.53	
Miscellaneous Charges	.49	
Depreciation	65.61	
TOTAL EXPENSES		$1,579.98
NET PROFIT (Owner's Compensation)		$ 694.76

Source: Serv-A-Station of Massachusetts.

TABLE XXVIII

Average Monthly Profit Statement for Service Stations in Metropolitan Boston Averaging from 25,000 to 30,000 Gallons per Month

	Gallons	Sales	Cost	Gross Profit
Gasoline	28,174	$8,193.15	$6,712.13	$1,481.02
Motor Oils	258	478.17	277.61	200.56
Other Oils		14.65	6.39	8.26
Tires & Tubes		460.80	370.08	90.72
Batteries		118.40	92.07	26.33
Labor		536.12	------	536.12
Lubrication		156.06	------	156.06
Miscellaneous		66.07	45.82	20.25
Total		$10,779.41	$8,039.77	$2,739.64

OPERATING EXPENSES		
Payroll (including taxes)	$995.44	
Supplies	57.16	
Small Tools	17.25	
Special Services	46.60	
Advertising and Promotion	86.83	
Rent	404.09	
Laundry and Rags	40.61	
Station Vehicle	48.98	
Insurance	46.35	
Maintenance and Repairs	12.95	
Utilities and Phone	107.39	
License and Taxes	16.19	
Bad Debts	4.67	
Discounts and Refunds	51.80	
Cash Shortage	23.44	
Interest and Charges	12.24	
Depreciation	60.53	
TOTAL EXPENSES		$2,032.52
NET PROFIT (Owner's Compensation)		$ 707.12

Source: Serv-A-Station of Massachusetts.

TABLE XXIX

Average Monthly Profit Statement for Service Stations in Metropolitan Boston Averaging from 30,000 to 35,000 Gallons per Month

	Gallons	Sales	Cost	Gross Profit
Gasoline	31,527	$9,104.79	$7,463.88	$1,640.91
Motor Oils	296	540.78	322.68	218.10
Other Oils		32.47	16.58	15.89
Tires & Tubes		498.84	402.44	96.40
Batteries		109.10	93.68	15.42
Accessories		707.69	492.39	215.30
Labor		370.76	------	370.76
Lubrication		138.31	------	138.31
Miscellaneous		41.81	34.23	7.58
Totals		$11,544.55	$8,825.88	$2,718.67

OPERATING EXPENSES

Payroll (including taxes)	$850.94	
Supplies	55.29	
Small Tools	14.82	
Special Services	38.78	
Advertising and Promotion	59.39	
Rent	434.01	
Laundry and Rags	35.93	
Station Vehicle	33.70	
Insurance	47.21	
Maintenance and Repair	12.98	
Utilities and Phone	83.68	
License and Taxes	20.40	
Bad Debts	8.81	
Discounts and Refunds	97.95	
Cash Shortage	17.65	
Interest and Charges	15.28	
Miscellaneous Charges	2.73	
Depreciation	83.29	
TOTAL EXPENSES		$1,912.84
NET PROFIT (Owner's Compensation)		$ 805.83

Source: Serv-A-Station of Massachusetts.

TABLE XXX

Average Monthly Profit Statement for Service Stations Located on State Route #128, Massachusetts

	Gallons	Sales	Cost	Gross Profit
Gasoline	70,385	$22,201.33	$17,650.08	$4,551.25
Motor Oils	552	1,076.00	599.42	476.58
Gear Oils & ATF		61.83	37.08	24.75
Tires & Tubes		562.75	436.25	126.50
Batteries		85.50	57.50	28.00
Accessories		1,273.50	840.67	432.83
Labor		501.72	------	501.72
Lubrication		128.00	------	128.00
Total		$25,890.63	$19,621.00	$6,269.63

OPERATING EXPENSES		
Payroll (including taxes)	$2,640.42	
Interest and Charges	4.25	
Supplies	109.91	
Outside Labor	75.17	
Small Tools	28.42	
Cash Shortage	46.25	
Special Services	109.25	
Discounts and Refunds	67.33	
Advertising and Promotion	26.91	
Bad Debts	3.42	
Rent	887.58	
License and Taxes	1.92	
Laundry and Rags	107.08	
Utilities and Phone	237.00	
Station Vehicle	73.16	
Maintenance and Repair	13.00	
Insurance	142.00	
Depreciation	96.83	
TOTAL EXPENSES		$4,669.90
NET PROFIT (Owner's Compensation)		$1,599.73

Source: Serv-A-Station of Massachusetts.

TABLE XXXI

COMPARATIVE ANALYSIS OF SERVICE STATION OPERATING RATIOS

	Group 1	Group 2	Group 3	All Groups
Sales	100%	100%	100%	100%
Cost of Sales	73.54	75.41	76.20	75.70
Gross Profit	26.46	24.59	23.80	24.30
Controllable Expense				
Outside Labor	.52	.28	.20	.26
Operating Supplies	1.00	.72	.70	.73
[1]Gross Wages	7.80	7.66	8.84	8.38
Repairs & Maintenance	.22	.15	.16	.16
Advertising	1.06	1.02	.87	.93
Car & Delivery	.42	.37	.38	.38
Bad Debts	.03	.04	.01	.02
Administrative & Legal	.47	.39	.35	.37
Miscellaneous Expense	.62	.80	.61	.67
Total Controllable Exp.	12.14	11.43	12.12	11.90
Fixed Expense				
[2]Rent	2.80	2.80	2.70	2.74
Utilities	1.58	1.16	1.62	1.12
Insurance	.50	.50	.40	.44
Taxes & Licenses	.76	.85	.81	.81
Interest	.13	.06	.06	.07
Depreciation	.58	.60	.50	.54
Total Fixed Expenses	6.35	5.97	5.49	5.72
Total Expenses	18.49	17.40	17.61	17.61
Net Profit	7.97	7.19	6.19	6.68

[1]Does not include proprietor's wages.
[2]Adjusted to reflect exclusion of owned premises.

Group 1: Under $25,000/year.
" 2: $25-50,000/year
" 3: $50-100,000/year

Source: "Mail-Me-Monday"--Accounting Corporation of America.

TABLE XXXII

OPERATING RATIOS FOR A TYPICAL GASOLINE SERVICE STATION, 1956

Number of Concerns		516
Typical Net Sales/Concern		$89,265
Net Sales		100%
Cost of Goods Sold		76.8%
Gross Margin		23.2%
Expenses		
Owner's Compensation	6.3	
Employee's Wages	8.1	
Occupancy Expense	4.0	
Advertising	0.5	
Bad Debt Losses	0.0	
Supplies and Uniforms	0.6	
Depreciation, Equipment	0.6	
All other Expenses	2.0	
Total Expenses		22.1%
Net Profit Before Income Taxes		1.1%
Net Profit on Net Worth		7.4%
Net Worth Turnover (per year)		8.0
Inventory Turnover (per year)		
All Merchandise		21.3
Gasoline		37.9
Other Merchandise		9.5
Gasoline Gallonage (annual)		203,000

Source: Cost of Doing Business, Dun & Bradstreet, Inc.

TABLE XXXIII

RETAIL GASOLINE OUTLETS IN METROPOLITAN BOSTON

FOR YEAR ENDING 1956

AND SHARES OF TAXABLE GASOLINE SALES IN MASSACHUSETTS

BY MAJOR OIL COMPANIES FOR YEAR 1961

	No. of Outlets	% of Total Outlets	Market Share
Mobil	583	15.6%	15.13%
Esso	453	12.1	11.88
Gulf	422	11.3	9.81
Texaco	357	9.5	10.13
Jenney	318	8.5	6.46
Sun	278	7.4	6.61
Tydol[1]	276	7.4	9.40
Shell	239	6.4	7.02
Cities Service[1]	186	5.0	5.22
Amoco	173	4.6	3.31
Atlantic	169	4.5	5.58
Chevron[1]	116	3.1	5.12
Richfield	46	1.2	1.22
All Others	127	3.4	3.11
	3,743	100.0%	100.0%

[1]Includes gasoline sold to unbranded dealers.

Source: Boston Record-American and Sunday Advertiser, 1956
Mass. Petroleum Industries Committee, 1961.

TABLE XXXIV

PERCENTAGE CLASSIFICATION OF SERVICE STATION SALES IN U.S.

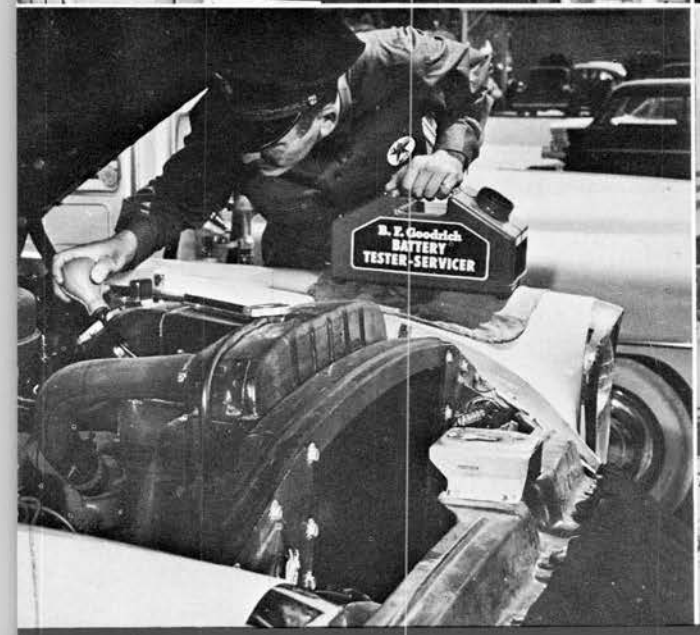
Gasoline Sales	71.68%
Oil Sales	4.43%
Tire, Battery and Accessory Sales	16.82%
Labor Sales	4.05%
Miscellaneous Other Sales	3.02%

PERCENTAGE CLASSIFICATION OF COST OF SALES AND GROSS PROFIT IN U.S.

	Cost of Sales	Gross Profit
Gasoline (% of Gasoline Sales)	82.99%	17.01%
Oil (% of Oil Sales)	60.12%	39.88%
Tire, Battery & Accessories (% of TBA Sales)	67.58%	32.42%
Miscellaneous Other Sales (% of Miscellaneous Other Sales)	69.41%	30.59%
Gross Profit on Total Station Sales		24.37%

Source: Accounting Corp. of America.

THE KEY MAN: THE DRIVEWAY SALESMAN



Selling on the Driveway

TEXACO

A Way to Succeed in Driveway Selling

by ***ROGER B. STAFFORD***

Editor, Super Service Station Magazine

YOUR SERVICE STATION BUSINESS is like any other business. It operates best – most smoothly and most profitably – when it operates under a plan. A carefully drawn procedure for operation, particularly for selling, followed closely, is usually the difference between success or failure.

Many service station men work long hours and scratch out a bare living. Others work shorter hours and have well-paying businesses. What's the difference between the two groups?

One puts great physical effort into his work but little thought. The other *thinks*. He plans. He puts into his business ideas which bring in more dollars with less effort than the plodders with few good working ideas. The planning, most of the time, pays in higher profits. The plodding may bring only subsistence.

We were not all born with equal creative powers so all of us cannot come up with equally good sales-developing, profit-earning ideas. If we are smart, we use the ideas which experienced planners make available to us. Our suppliers provide us not only with merchandise but also with ideas for selling. We should use them. With rare exceptions they help us succeed.

Most of us realize, I am sure, that in this business of ours we must get customers into our stations. We must welcome them. We must put them in a buying frame of mind. We must supply them with gasoline or whatever else they come in to buy. Beyond that point *selling is needed*. And selling in our station business consists of *finding a need* and inducing the customer to buy it from us – from you and all the rest of us. This is *planned selling*. It will work for you as it has worked for others.

Texaco's five-step procedure for selling on the driveway is planned selling. It is an impressive plan, in our opinion, because it offers a pattern which is *easy* to follow. It is based on the basic rules of all selling: gaining a prospect's attention, interesting him in your product or service, creating a desire in him to possess it, and helping him to decide to buy.

This process is rather simple in the service station business. In fact, it is much simpler than selling most things a person buys. It is almost as easy as selling a staple food product. That is because the things you sell are usually the things that are essential to the safe and economical operation, and better performance of the customer's automobile.

Now, let us translate the four basic principles of good retail selling into the terms of Texaco's five-step plan for profitable driveway selling.

You must gain the customer's attention. That is Step No. 1. Texaco's Circle Service is

the tool for that. Greet the customer as his car stops at the island. Clean the left half of his windshield – that's the half in front of the driver. Do this well and with a smile. It will make him think that you are pleased he came in and that it's a pleasure to serve him. It will instill in his mind the idea that all of your service is good and you can be trusted.

After that you can ask for his order, suggesting a tankful of your Sky Chief gasoline. Deliver it and proceed with your Circle Service.

Now comes the second step in good driveway selling. In the Texaco selling pattern, this is to uncover *just one need;* preferably one which will get his car into the lube bay where it may be thoroughly inspected for the things that will assure safety, economy and good performance in its operation.

Getting under the hood is an important means for finding important things the car may need. An almost universal practice is to check coolant level in the radiator, electrolyte level in the battery, and oil level in the crankcase. That is all good service but it may fall short of your hope to get the car away from the island and into the lube bay.

The doorjamb sticker may have the key that unlocks the treasure chest. Ask to see it. You may have to offer to sweep out or vacuum the driver's compartment, but it's important that you get a chance to compare the figures on the sticker with those on the speedometer. The dipstick may not tell the story you seek but a comparison of sticker and speedometer figures may reveal a need and get the car on the way to the lube bay.

Naturally, oil changes and lubrication are not needed by all cars that come to your islands. A car that has had its oil changed on a Wednesday, for example, normally doesn't need an oil change the following Tuesday. What now?

The Texaco merchandisers have provided for such contingencies. And we come to the second part of Step 2 of their driveway selling plan. Check just one of the 16 or 18 items that can be sold at the pump island. See if that item may need replacement or service. You won't have the time with most customers to check the whole list of island sales possibilities but checking just *one thing each week* will uncover a surprising number of needed replacements for that item. It will take 16 to 18 weeks to cover the list. After that time, a start at the beginning may be made. The things found satisfactory on the early check will have had four months more wear and may now need replacement or service. And the cars of casual or transient customers all offer chances for you to sell.

Some other needs will often be found when checking the item from the list. Such discoveries may be counted as added opportunities to sell. As a general rule, however, checking *just one item* will build sales to a higher figure than trying to cover several every time. There just isn't time nor is it possible to check all possibilities. Even the most patient customer probably would find the time too long unless the car can be moved from the island to the lube bay.

Telling the driver of the need is Step No. 3 in this Texaco driveway selling plan. It fulfills the second basic requirement of good selling: that is, creating interest in the prospect's mind. Most people are deeply interested in the things they actually need.

Many customers recognize the need to buy as soon as they are told of a requirement but others may hesitate. Texaco has provided Step No. 4 to meet this situation. This step is that the customer be told *why* he needs what you tell him his car should have. *Telling why* is creating a desire to possess what has been suggested. It is the fulfillment of the fourth rule of good selling technique.

Too many island men lose sales at this point. In one way or another, they fail to ask the customer to buy then. They may also falter if the customer hesitates or says, "No." The island salesman must then help the prospect to decide. This can be done by telling again why the item or service is needed, relating one or more facts about the quality and performance of the product you sell. If the item involves a larger outlay of cash than the customer indicates he can make at the time, suggest charging it to his Texaco National Credit Card or buying it under your budget plan if he is a good credit risk. This is all of the fifth step in the Texaco procedure.

This plan gets down to these five simple steps:

1. Approach – use Circle Service.
2. Check for *one* need:
   (a) Check doorjamb sticker;
   (b) Check weekly item selected from the products that can be sold at the island.
3. Call attention to the need.
4. Tell customer *why* it is needed.
5. *Ask him to buy.*

Simplifying the driveway selling process can be a wonderful thing for dealers in these days when sales-capable help may be hard to find. Texaco's steps to a sale are so simple that even an untrained new employe — perhaps a high school student on summer vacation – can follow them successfully after coaching or assistance in dealing with only a few customers.

This simplicity should not mean that new, inexperienced men should replace good salesmen at the islands which are the most important spots in a station for developing sales. It does mean that following a planned procedure in selling will make more of your staff better salesmen.

Checking just one other thing each week is like shooting at a sales bullseye with a rifle. Shots are not scattered.

This checking plan is flexible. Many station operators may not think that a nationally uniform check list is practical. They are right. Antifreeze may be an urgent need in late September in Bozeman, Mont., but in Houston, Texas, the need may not come until two or three months later.

Retailers in different parts of the country may draft their own lists of items, saleable at the island, to be checked during a 16- to 18-week period. Company representatives, we are confident, will help retailers carry on this profit-making program. It certainly was designed to make selling easier and, in turn, profits larger for you.

Roger B. Stafford

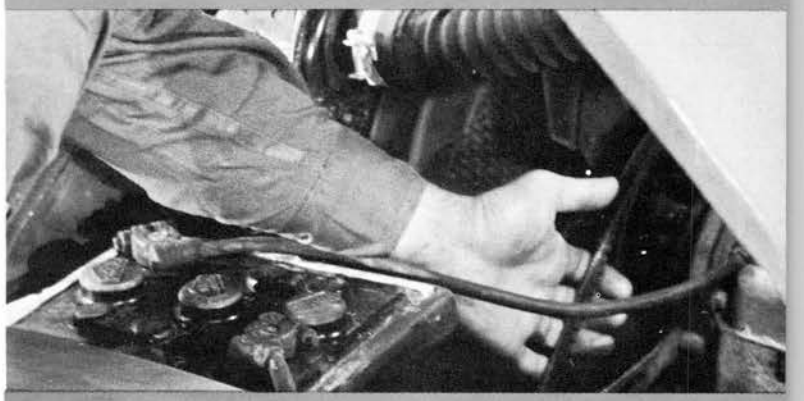
"SELLING ON THE DRIVEWAY"

– A simple, direct approach to the problem of increasing driveway sales.

There are no "trick" slogans or "catchwords" involved – just a common-sense plan for selling the products and services needed and wanted by every car-owner.

The five, simple "Steps to a Sale" tell the driveway salesman–the *KEY MAN* in every service station –

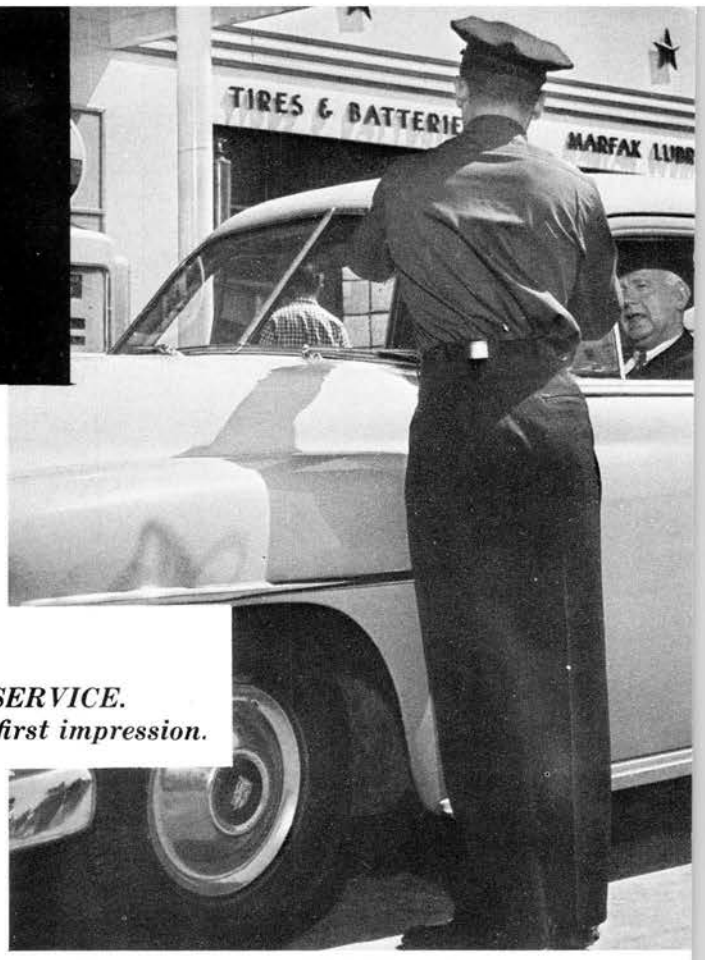
WHAT TO LOOK FOR –



WHAT TO SELL –

AND HOW TO SELL IT!

"STEPS TO A SALE".....



1. Approach

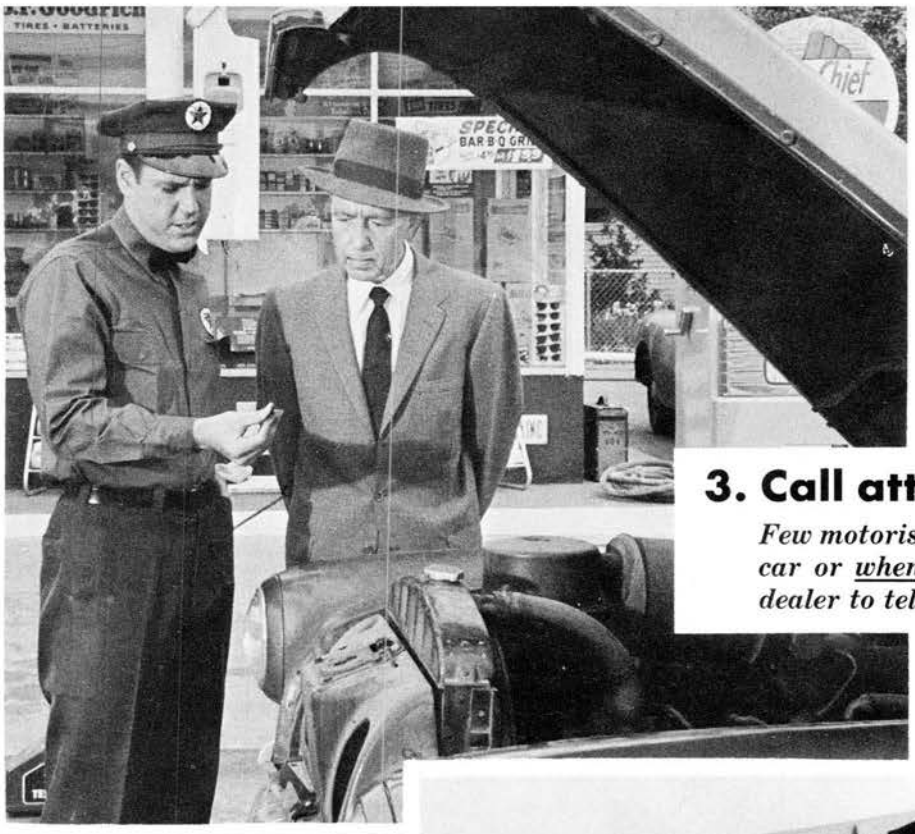
through CIRCLE SERVICE.
Create a favorable first impression.

2. Uncover <u>one</u> need

You can't check everything – but you can check for the <u>one</u> need that will get the car off the island and into the lube bay. Start with the doorjamb sticker.

A. Check Doorjamb Sticker ⬆
to see what mileage services are needed.

B. Check <u>Weekly</u> Item ➡
If mileage services are not needed, check a *different* replacement item each week.

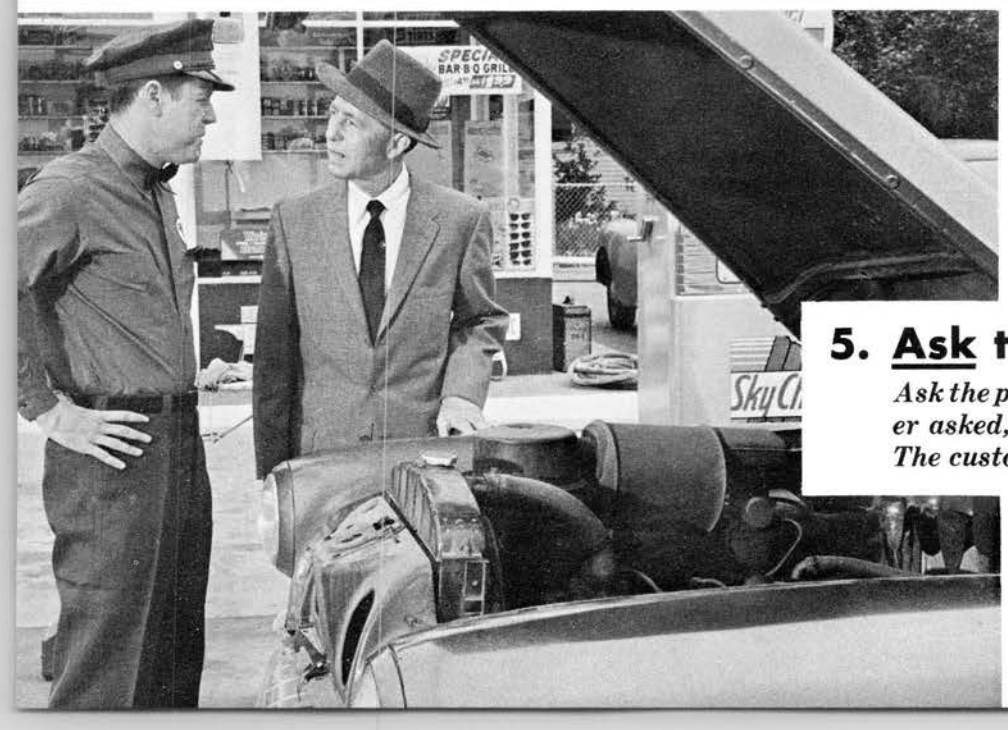


3. Call attention to the need

Few motorists know <u>what</u> is needed for their car or <u>when</u> it is needed. They expect the dealer to tell them.

4. Tell <u>why</u> it is needed

Any prospective purchaser wants a <u>reason</u> <u>why</u> he should buy; he needs justification for the purchase.



5. <u>Ask</u> them to buy

Ask the prospect for a decision; the sooner asked, the sooner the sale is closed. The customer <u>expects</u> to be asked to buy.

CALL ATTENTION TO THE NEED

TELL WHY IT IS NEEDED

ANSWER OBJECTIONS

ASK THEM TO BUY

DO OBJECTIONS STOP YOU?

Surveys have shown that most driveway selling opportuniti slip by because the driveway salesman gives up at the first sig of customer resistance. Often, no effort is made to overcome eve the smallest objection any customer will offer when the drivewa salesman mentions any need – even one for which the motori is a real prospect.

Saying "No" to a suggestion to buy is a perfectly norm reaction. When he objects, the prospect gives himself time t weigh the importance of the purchase against his ability to bu The objection may mean he is trying to decide between this ne suggestion and some other purchase he would like to make. It just possible he can't buy both.

But more likely, the objection is the prospect's way of sayin "Give me some good *reasons why I should buy.*" He is not co vinced that the purchase is necessary; or the need has not bee explained in terms he understands. The "No" may mean that th prospect cannot see how *he* will benefit from the purchase.

Again, the turndown could be another way of saying, "G ahead – sell me! I'm not going to sell myself just to help you. He wants a good justification for buying.

A good salesman never takes the first turndown he gets. H recognizes objections for what they are. He uses the objectio to clear up any lack of understanding. To him an objection is n a stop sign. Rather, it is the green light to go ahead and do thorough job of explaining *why* a particular service or replac ment item is necessary and *how* it will benefit the buyer.

The four scenes on the left taken from the film, "Steps to Sale" illustrate the need for meeting obstacles squarely an answering the objection fully.

First, the dealer called attention to the need for a new batter by saying, "The middle cell is pretty weak. I could charge it fo you, but I doubt if it would hold a charge for very long."

Of course, the customer objected. He felt he should get anothe six month's use from the battery. He wanted to wait.

The dealer next countered with a good *reason why* by sayin "With that weak cell, your battery is liable to go dead at any tim – might cause you all kinds of inconvenience."

The prospect, still not convinced, said, "No, I think I'll wait.

After the third objection, the dealer moved in with a sale clincher that brought out the dollar and cents benefit of buyin *now*. He said: "Let's say you did get another two month's servic out of it. You really wouldn't be saving anything because wha I could pay you for that battery *now* would more than make u the difference. I can use it as a "loaner." I'll be glad to buy i from you for much more than you'd be saving by trying to ge another two month's use out of it." The objection was answered

He was then ready for the important final step of *ASK HIM TO BUY.*

SELLING OPPORTUNITIES GROW from finding just ONE NEED!

The average service station sells between 60 and 70 different products and services. Some are sold on a mileage basis; others when an inspection reveals that a replacement item or service is required. A number of other products sold in service stations are bought "on impulse" as a result of good display.

Considering the quantity and variety of products and services sold, it would be impossible to attempt a check of all of them in the limited time a car remains on the drive. It becomes important then to uncover the *one need* that will bring the car into the lube bay where a more thorough inspection can be made to find out what mileage services and replacement items are necessary. This is as important to the customer as it is to the dealer because these services are essential to him for car maintenance, economy of operation and driving safety.

The following list gives an idea of the great number of selling opportunities that can come from uncovering just *one* need.

★ ★ ★

SOLD ON A MILEAGE BASIS

Marfak Lubrication
Oil Change
Texamatic Service
Wheel Pack
Tire Rotation
Differential
Transmission
Air Cleaner Service
Oil Filter
Spark Plugs
Speedo-Cables
Hand Brake Cables
Universal Joints
Electric-Hydraulic Mechanism
Power Brake Vacuum Cylinder

SOLD BY INSPECTION ON THE LIFT

Tires & Tubes
Batteries
Tire Rotation
Wheel Balancing
Wheel Bearings & Seals
Battery Cables
Battery Hold-downs
Fan Belts
Wash & Polish
Seat Covers
Spark Plugs
Fuses
Sealed Beam Headlights
Headlight Adjustment
Lamps
Gas & Radiator Caps
Wiper Arms & Blades
Rust Inhibitor
Radiator Cleaner
Radiator Service
Stop Leak
Radiator Hose
Heater Hose
Brake Adjustment
Hydraulic Brake Fluid
Motor Detergent Concentrate
Thermostats
Valve Caps & Cores
Exhaust Deflectors
Mufflers–Tailpipes
Fuel Pumps
Shock Absorbers
Floor Mats
PT Anti-Freeze
Ignition Cables
Seat Covers
Power Steering Service
Clutch Release Bearing
Windshield Washer Solvent

IMPULSE ITEMS

Polish
Cleaner
Chrome Cleaner
White-Wall Cleaner
Tire Paint
Polish Cloth
Chamois
Locking Gas Caps
Sponges
Glass Cleaner
Top Dressing
Touch-up Enamel
Lighter Fluid
Leather Cleaner
Tube Repair Kit
Flash Lights
Mirrors
Spot Lights
Fog Lights
Bug Screens
Floor Mats
Tire Chains
Jacks
Ice Scrapers
Car Wash Brush
Flare Sets
Safety Belts

The five "Steps to a Sale" provide a simple, practical, systematic method to cash in on these selling opportunities.

CHECK EVERY DOORJAMB STICKER

Make the most of the hundreds of selling opportunities you have every week.

It's easy to check doorjamb stickers. Some dealers just ask to see the doorjamb sticker when they check the oil level. It shows an interest in the customer and gives him assurance of careful and thorough car service.

Other dealers sweep out the floor mats to get a chance to check the doorjamb sticker against the mileage shown on the speedometer. If a mileage service is indicated, the customer is told what is needed.

Check the doorjamb sticker on *every* car that comes on your drive—do this with *every* customer – regular, occasional or transient – *every* time they stop. Regular customers will like your systematic service. Chances are, the occasional and transient buyers will become "regulars." Even the "Customer in a hurry" will like the quick, thorough job you do – and he will be back.

It is important to the success of your driveway selling plan that the list of eighteen weekly items be carefully selected and a definite schedule set. The monthly Flow Chart of Retail TBA Sales, shown below, can serve as a guide in choosing the right item for each week. These can be listed by weeks on the following page for ready reference.

Sales Calendar

MONTHLY FLOW CHART OF RETAIL TBA SALES

	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
PASS. TIRES & TUBES *	5.6	6.0	7.8	8.8	9.6	11.1	11.0	10.9	8.9	7.3	6.9	6.4
BATTERIES *	9.8	7.2	5.4	4.3	4.5	4.7	6.7	9.5	11.5	11.7	13.0	11.7
BATTERY CABLES												
FAN BELTS												
RAD., HEATER HOSE & CLAMPS												
THERMOSTATS												
RAD. & GAS TANK CAPS												
COOLING SYSTEM CHEMICALS												
SPARK PLUGS												
AUTO LAMPS												
WIPER ARMS & BLADES												
FILTERS & CARTRIDGES												
ANTI-FREEZE												
CHAINS												
POLISH & CLEANER SUPPLIES												
SEAT COVERS												

*PERCENTAGE OF TOTAL BY MONTH

LEGEND

LOW

Seasonal demand dips during the months designated as low. Aggressive selling during the so-called "Low" periods will ring the cash register with extra sales and profits.

NORMAL

Push hard for sales on all items where seasonal trend is stronger.

PEAK

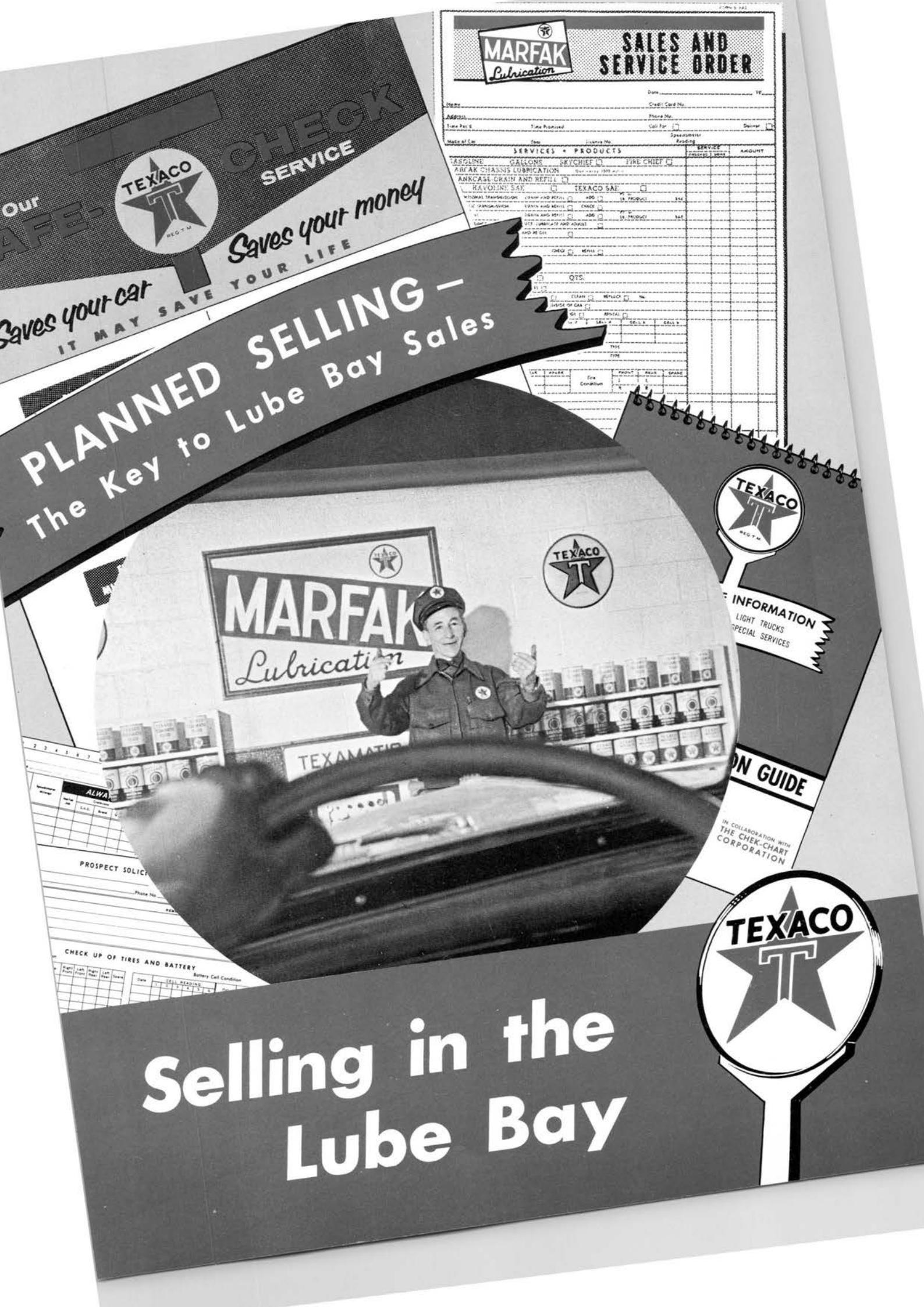
Feature items at seasonal Peak sales level – go all-out on promotions and drive hard for sales to cash in fully on your maximum sales opportunities!

MAKE YOUR OWN LIST OF 18 WEEKLY ITEMS

(Fill in with PENCIL to permit changes when required)

1ST WEEK DATE: _____	10TH WEEK DATE: _____
2ND WEEK DATE: _____	11TH WEEK DATE: _____
3RD WEEK DATE: _____	12TH WEEK DATE: _____
4TH WEEK DATE: _____	13TH WEEK DATE: _____
5TH WEEK DATE: _____	14TH WEEK DATE: _____
6TH WEEK DATE: _____	15TH WEEK DATE: _____
7TH WEEK DATE: _____	16TH WEEK DATE: _____
8TH WEEK DATE: _____	17TH WEEK DATE: _____
9TH WEEK DATE: _____	18TH WEEK DATE: _____

WHEN YOU FOLLOW THE SIMPLE, DIRECT "STEPS TO A SALE" THERE WILL BE NO "OBSTACLES" TO A REAL JOB—A PROFITABLE JOB—OF "SELLING ON THE DRIVEWAY."


MARFAK Lubrication
SALES AND SERVICE ORDER
SERVICES • PRODUCTS
TEXACO
CHECK
SERVICE
Saves your money
Saves your car
IT MAY SAVE YOUR LIFE
PLANNED SELLING —
The Key to Lube Bay Sales
MARFAK
Lubrication
TEXAMATIC
INFORMATION
LIGHT TRUCKS
SPECIAL SERVICES
ON GUIDE
IN COLLABORATION WITH
THE CHEK-CHART
CORPORATION
PROSPECT SOLICI
CHECK UP OF TIRES AND BATTERY
TEXACO
Selling in the
Lube Bay

PLANNED SELLING... THE KEY TO LUBE BAY SALES

Ask any dealer where the big profit potential is in the Service Station business and he'll tell you—*in the lube bay.*

This is where the major profit items and services should be sold, and yet, most dealers will admit they are not selling as much of the potential as they would like to sell. Everyone knows that the items and services they have to offer are necessary since they involve safety, economical operation of the car and trouble-free driving. We know, too, that the average customer doesn't know too much about the operation of his car. Generally, he doesn't ask for things, other than a lubrication or an oil change, because he doesn't know about them—he doesn't know what his needs are, why he needs them or *when* he needs them. He may even think that a lubrication job and an oil change is all he has to worry about.

Thousands of profitable sales are missed in practically every service station each year, apparently because there is no plan for uncovering the mileage services customers would want and need—if they were told about them. Some dealers may not agree with this—yet last year the American Automobile Association reported a total of 24,558,000 road calls. That means, on the average, one out of every two cars on the road required road service of one kind or another. And that takes into account only "Triple A" members. What about the millions of car-owners who are not members of the A.A.A.? Can't we assume that there were many times the number of road calls reported by A.A.A.? Of course, many of the calls for road service could have been for flats, dead batteries, etc. But even with tires and batteries—isn't it good business to sell tires and batteries *before* your customers run into trouble?

And think of all the other services we could have sold that would have prevented unnecessary breakdowns or unsafe driving conditions, such as broken radiator hose, overheating due to clogged cooling systems, wheel seizures because of dry wheel bearings, defective brakes, lack of brake fluid, frozen or broken shocks, unbalanced wheels, lights, fuses, windshield wipers, timing, ignition, fouled plugs, lack of anti-freeze, broken fan or generator belts, etc.

In a recent safety check of some 1,500,000 cars it was found that 20%—one out of five—were unsafe and required maintenance service. The people who are driving these cars don't want to drive unsafe cars or risk the big investment they have in them—nor do they want to risk their lives. Why do they do it then? Could it possibly be that they don't know too much about a car—could it be that they depend on their service station dealer to tell them about the things that should be done to assure safe, economical and trouble-free driving?

If the customer doesn't know what he needs—what stops us from trying to sell more of the profitable products and services we have to sell? Is it really true that we're "too busy," or because customers resent "high pressure," or we have a "help problem," or "new cars don't need service"?

Are these really the reasons? Or do we sometimes assume the attitude of the farmer who was on a Department of Agriculture mailing list. The Department kept sending him pamphlets on how to improve his farming. One day the farmer sat down and wrote a letter to the government saying: "Please do not send me any more books on farming. I do not farm as good as I know how now." Some dealers may feel that way —that they don't operate their stations as well as they know how now. They don't want to learn any new rules. But still they would like to improve their volume and their earnings.

On the other hand everyone who sells knows that making a sale is a planned, orderly process that follows such basic things as Approach or Attention, Interest, Desire and Decision.

To be workable, a plan for selling must cover all of these basic elements. It also must be simple and easy to follow. It overcomes the "help problem" obstacle because it is easy to teach and to learn. A good selling plan avoids the impression of "high pressure" because everything is sold on the basis of benefiting the customer. In fact, the customer is sincerely complimented when we make a good sales presentation of the products and services we have to offer. He feels we have studied his particular needs and that we are giving him special consideration and attention. On the other hand, he might feel resentment if we do only that which we are asked to do—no more—no less.

A good selling plan saves our time—makes us more efficient. It builds our sales and our dollar volume. More important, it keeps the old customers and gets new ones for us.

Planned selling in the lube bay consists of the five logical—

"STEPS TO A SALE"

Step No. 1: APPROACH

USE S-342 SALES AND SERVICE ORDER TO ESTABLISH CUSTOMER CONFIDENCE

The approach is important because before we can really sell any of our products or services, we have to sell ourselves to the customer or prospect. But once we have done this, the rest becomes comparatively easy.

On the island we use Circle Service as our first step to create a favorable first impression. In the lube bay we use the S-342 Sales and Service Order as our Approach to assure the customer of our intention to do a careful, thorough job. By using the S-342 to establish the right approach we build customer confidence.

Customer confidence is mighty important because that is something no competitor can take away from us; he can't copy it nor can he undersell it. Confidence in us is something that stays in the customer's mind long after the sale has been completed. It is the one thing that brings him back again and again. It is the one reason he trusts us to take care of all his car needs.

Step No. 2: UNCOVER *ALL* MILEAGE NEEDS —

USE S-75 AND/OR DOORJAMB STICKER

Our next step would be to uncover all the mileage needs by comparing the speedometer reading with our S-75 Follow-up Card. To determine what mileage services are required, it is necessary first to determine what services have been performed and when. The S-75 Customer Follow-up card provides the only *permanent* and *accurate* record of these services and the mileages at which they were performed. Consequently, if a regular customer's car was being served, and the S-75 was maintained, this card would be the starting point for uncovering *all* mileage needs. This would be checked against the speedometer reading to determine the mileage interval since the last service.

In the case of an occasional or transient customer, or if no S-75 system was maintained, it would be necessary to determine mileage needs from the doorjamb sticker. While the doorjamb sticker serves many useful purposes, it usually carries only the record of the last service performed. Earlier services often are not transferred when the doorjamb sticker is changed. Sometimes, checkmarks are used instead of dates or mileage figures. But, perhaps the greatest handicap to the successful use of the doorjamb sticker is the great All-American sport of removing or destroying competitive doorjamb stickers.

If the doorjamb sticker is missing we would sell the two, five, ten or twenty thousand mile service, depending on the speedometer reading. Of course, we would first discuss this with the customer to determine when the last service was performed.

Thus, the Second Step becomes *Uncover* All Mileage Needs through the use of the S-75 Card and/or Doorjamb Sticker.

Step No. 3: CALL ATTENTION TO THE NEED —

USE TEXACO AUTOMOBILE LUBRICATION GUIDE

Now that we know *what* the customer needs, we will have to tell him about it. The average customer thinks in terms of a lubrication job and an oil change —he doesn't know much about the mileage and preventive maintenance services required to keep his car operating safely and efficiently. And we prove the need by speaking in terms of Car Manufacturers' Recommendations. We show the customer that the things we have told him about are recommended by the car manufacturer. We don't ask the customer to take our word for it. We use the Automobile Lubrication Guide to prove what mileage services are needed.

As we do the lubrication job we also make a careful inspection of the car for those items not sold on a mileage basis which should be replaced or repaired. These are brought to the customer's attention either by *showing* him the items in need of attention or by writing them on the S-342 Sales & Service Order in the space provided.

Step No. 4: TELL *WHY* IT IS NEEDED — ON BASIS OF PREVENTIVE MAINTENANCE

This step applies to all selling. Never take a sale for granted. Always tell a customer *why* a particular service or replacement item is needed. Remember the customer is apt to put off buying unless we tell him *why* he needs a particular item or service.

Here we might as well face facts. No customer wants to buy a lubrication job just for the sake of having a lubrication job. He doesn't buy an oil change just because someone wants to sell him oil. He doesn't want a wheel-bearing pack merely because it is something he has not had before or because it is new and different.

The customer is interested only in how he can benefit through more comfort, greater peace of mind, increased safety and easier driving. Consequently, lubrication jobs are sold on the basis of better riding qualities, safer driving, easier steering, and the pride that comes from keeping a car in new-car condition. The need for an oil change is explained in terms of a quieter, smoother running motor; better fuel economy and improved, more responsive power. The wheel-bearing pack means safety because a dry wheel bearing could cause a wheel seizure resulting, possibly, in a bad accident.

Customers don't want to buy "things". They want the benefits "things" bring in the way of pride in their cars, driving pleasure, safety and savings.

So, if the *why* can explain the need to the customer in terms of safety, economy, comfort or performance, he is quite likely to buy, since he is interested in Preventive Maintenance. Selling on the basis of Preventive Maintenance is easier than selling one item or one service at a time because the customer can recognize that the suggestion to buy is based on actual mainte-

nance needs. The customer gains the impression the dealer is taking a genuine interest in his particular problem and that he is being accorded special treatment.

By talking Preventive Maintenance it becomes a comparatively simple matter to suggest the five, ten, fifteen, or twenty thousand mile service check. All services required at these mileage intervals can be sold on a "package" basis.

Step No. 5: *ASK* THEM TO BUY

This is where many sales are lost—the salesman fails to ask the customer to buy. Many salespeople hesitate to ask this question mainly because of fear of offending the buyer. Actually the reverse is true. Customers usually want help in making their decision and will wait for a prompting from the salesman. It is only natural for some people to put off buying—they hate to make a decision.

Once you have uncovered the need, called attention to the need, explained why it is needed, you must then ask for the order.

"It will only take a few minutes to put on a new set of tires—we can do it right now," or "I'll be glad to pick up your car and return it today." "We can pack those wheel bearings right now and then you won't have to worry." These are only a few examples —many of you no doubt have better ones. But don't forget *"Ask them to buy."*

This planned approach to selling gets down to these five simple STEPS:

Step No. 1: APPROACH — USE S-342 SALES & SERVICE ORDER — To Establish Customer Confidence.

Step No. 2: UNCOVER *ALL* MILEAGE NEEDS — Use S-75 Card and/or Doorjamb Sticker.

Step No. 3: CALL ATTENTION TO NEEDS — Use Automobile Lubrication Guide.

Step No. 4: TELL *WHY* IT IS NEEDED — On Basis of Preventive Maintenance.

Step No. 5: *ASK* THEM TO BUY.

Train your men to use these five simple STEPS to selling in the Lube Bay. You will find that their use, together with the sales tools, such as the doorjamb sticker—S-342 Sales & Service Order—S-75 Follow-up Card and the Lubrication Guide will build customer confidence and translate the potential sales of the Lubrication Bay into substantial profits for you.

START TODAY!

PLANNED SELLING IN THE LUBE BAY...

—gives customers the assurance of safer driving, economy and trouble-free operation.

For the dealer, the logical, easy-to-follow five "Steps to a Sale" means increased customer confidence, time-saving efficiency and bigger, better sales of:

UNDER-THE-HOOD NECESSITIES

TIRES AND BATTERIES

MUFFLERS, TAIL PIPES

SELL PREVENTIVE MAINTENANCE

IT PAYS!

FIVE STEPS FOR SELLING IN THE LUBE BAY

Step No. 1: APPROACH

Use S-342 Sales and Service Order to establish customer confidence. Assure the customer of your intention to do a careful, thorough job.

Step No. 2: UNCOVER *ALL* MILEAGE NEEDS

One or more of the mileage services may be required every time a car is brought in for lubrication.

A. USE S-75 CARD — Check against speedometer readings. The S-75 Card is the only *permanent* and *accurate* record of the last mileage service.

B. CHECK DOORJAMB STICKER for mileage and date of previous services performed if S-75 Card is not available.

Step No. 3: CALL ATTENTION TO THE NEED

Use Texaco Automobile Lubrication Guide. Prove the need for mileage services by referring to the Lubrication Guide.

Step No. 4: TELL *WHY* IT IS NEEDED - - - -

On basis of preventive maintenance. Customers want *Preventive Maintenance* because it means safety, economy, comfort and performance for them.

Step No. 5: *ASK* THEM TO BUY

Asking them to buy makes it easier for customers to say, "Yes."

FIVE STEPS TO A SALE... SHOWMANSHIP IN SELLING!

"Selling in the Lube Bay" combines the tested and proven selling tools — the S-342 Sales and Service Order, the S-75 Customer Control System, Doorjamb Stickers and the Texaco Automobile Lubrication Guide — with an orderly plan for selling, the five "Steps to a Sale".

In order to produce results, any selling plan must make the customer comfortable — make him feel important because he *is* important. He is the one who has the right of decision — *where, what* and *how much* to buy. Making this customer feel important requires showmanship. So, if we want to play to a "packed house", there can be only one star in that show — only one hero — that is the customer.

It may be impossible for us to think that all of our customers are wonderful, but we can have enough faith in ourselves and enough pride to prove we are real salesmen. All we have to do is to give the consideration and the importance that 99 out of 100 customers want and expect. We can do this with the showmanship of planned selling, the showmanship of "Selling in the Lube Bay".

This showmanship tells customers three very important things; what we think of ourselves, what we think of them and how much we value their business.

Customers can tell how much we think of ourselves by our appearance — the appearance of our uniforms, the appearance of our stations. They can tell what we think about them by our smile, our friendly greeting, the way we approach them. They can tell how much we value their business by the way we take their order, the business-like way we go about our work.

If we are indifferent or impatient, if we don't write up the order, they may be uneasy about the kind of a job we intend doing. After all, they don't know us as well as we know ourselves. People want to be assured. But if we use the S-342 Sales and Service Order to write up the orders, customers will feel more confident that a thorough and competent job will be done. When we show our interest by checking for mileage and other needs, we make our customers feel important. We don't embarrass them by asking, "What else?", when they might have no idea of what else may be needed. When we *tell why* other services are needed, we are proving our interest in our customers, their cars and in the business they give us.

When we close the sale by asking them to buy, we make it easy for customers to decide. It's easier to close by offering them a choice between something and something else. When you say: "Do you want it or don't you?", the customer's normal reaction is "No!". When that happens, you've had it. So, give them a choice.

Say: "We can have the car ready at three o'clock. Do you want to pick it up then, or shall we deliver it?"

Or —

"Do you want Custom-Made Havoline S.A.E. 10 or would you prefer Havoline Special 10W-30, the oil that thinks for itself?"

Or —

"Would you like the 20,000 mile or the complete twice a year service?"

Remember — *how* we suggest is as important as *what* we suggest.

Using the five "Steps to a Sale" for "Selling in the Lube Bay" is showmanship. It's the showmanship that makes customers feel important. But, better still, it's the showmanship that shows up with important sales in the lube bay.

At first, you will use these "Steps" deliberately and consciously. You will soon be following them automatically.

CUSTOMERS KNOW—

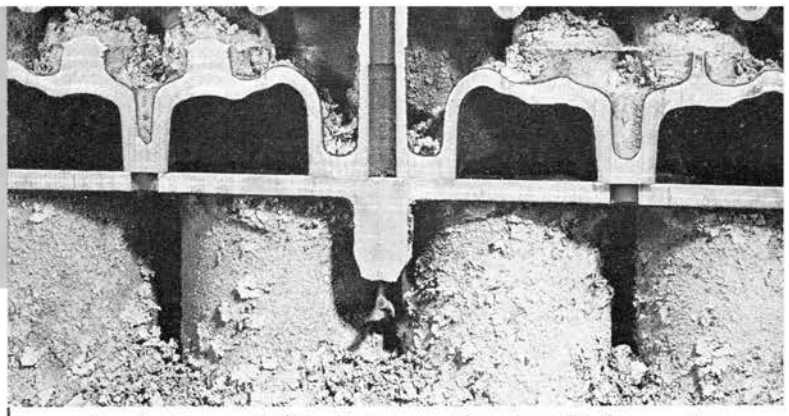
WHAT WE THINK OF THEM
by our smile, our friendly greeting, how we approach them.

HOW MUCH WE VALUE THEIR BUSIN
by the way we take their order, the business-lil we go about our work.

COOLING SYSTEM SERVICE

an important part of

PREVENTIVE MAINTENANCE



Neglect caused this. Cutaway of a six cylinder engine shows the rust and corrosion resulting from failure to drain and flush cooling system.

OLING SYSTEM CAPACITY DOWN . . . REQUIREMENTS UP

Cooling System capacities on many cars have been uced or remained the same in spite of the greatly in- ased heat developed in high-speed, high-compression ines.

Overheated engines can se pre-ignition knock and reased gasoline octane uirements, as well as se serious damage to ves, pistons, bearings and nder walls.

Few of your customers k about the cooling sys- of their car and the im- tant part it plays in giving m the full power and effi- cy that was built into r engine. Oh, sure, they p it full of water and put e anti-freeze in during winter but little thought iven to the simple main- ance needs of the cooling em—until trouble or se- s damage develops.

To assure safe, efficient ration of the cooling sys- in your customer's car ommend a 10 Point cool- system preventive main- tenance service—

1. Drain anti-freeze every spring. (Replace with PT Anti-Freeze in the fall.)
2. Reverse flush radiator and cooling system (every 6 months).
3. Install rust inhibitor.
4. Refill with fresh water.
5. Check for leaks.
6. Tighten all clamps.
7. Inspect hose and replace when necessary.
8. Inspect fan belt—adjust tension.
9. Test pressure type radiator cap.
10. Stop tiny leaks with a chemical sealant.

Using the five Steps to a Sale in selling "preventive maintenance" service for cooling systems will build customer confidence and assure you more profitable business.

NEWER, MORE POWERFUL ENGINES DEMAND PEAK COOLING SYSTEM EFFICIENCY

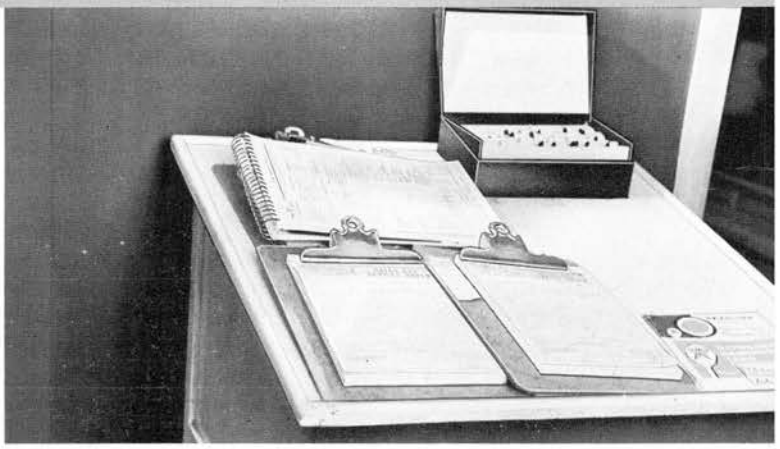
All automotive experts — the men who know the technical side of anti-freeze and cooling systems — *agree* that draining anti-freeze in the spring can avoid costly repairs later on. These authorities point out that water with a summer rust inhibitor is much more effective for summer cooling than an anti-freeze solution.

The American Society for Testing Materials says: **"In order to maintain maximum protection against corrosion, drain the anti-freeze solution after one winter's use."**

American Automobile Association says: **"Changing cooling system solutions periodically makes the same good sense as changing motor oil."**

MAKE YOUR LUBE BAY MORE EFFICIENT

ce for everything and everything in its place. The , S-75 and Lubrication Guide together in one place time and steps.



Keeping the S-75 Customer Control file in the lube bay permits quick, easy reference. (Note S-75 box recessed in service desk.)

Get Our SAFE-TEXACO CHECK SERVICE

REG. T. M.

Saves your car — Saves your money

IT MAY SAVE YOUR LIFE

EVERY 1000 MILES

Marfak Lubrication
Change motor oil
Power Steering Fluid (Check)
Check Brake Fluid Level
Inspect belts(fan, generator, power steering, air conditioner),
Wash Car

EVERY 2000 MILES

Carburetor Air Cleaner (Clean)

EVERY 4000 to 6000 MILES OR EVERY SIX MONTHS

★ Oil Filter (Replace element)
Electric Hydraulic Mechanism (Check level)
Points and spark plugs (Clean, adjust or replace)
Check Fuel System filter
Rotate Tires
Drain cooling system, tighten hoses, flush, refill, and check pressure cap

EVERY 8000 to 12,000 MILES OR ONCE A YEAR

★ Automatic Transmission (Drain and Refill)
★ Repack front wheel bearings
★ Repack rear wheel bearings
Differential (change)
Conventional Transmission (change)
Overdrive Transmission (change)
Shock Absorbers (refill)
Rear Springs (Metal covered) (Repack)

EVERY 15,000 MILES

★ Automatic Transmission (Drain and Refill)
★ Power Steering Reservoir (Replace filter element)

EVERY 20,000 MILES

★ Repack Universal Joints
★ Automatic Transmission (Drain and Refill)

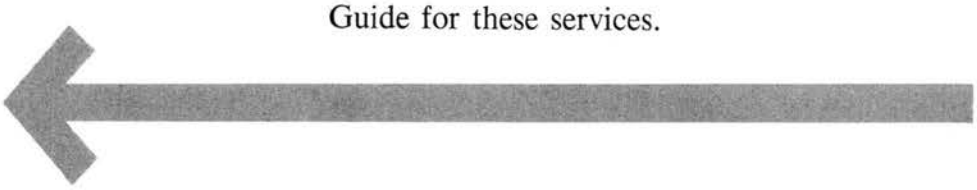
★ STARRED ITEMS VARY ACCORDING TO MAKE OR MODEL OF CAR

FOR ALL CAR NEEDS AND SPECIFIC CAR MODEL RECOMMENDATIONS WE ALWAYS FOLLOW OFFICIAL LUBRICATION GUIDE

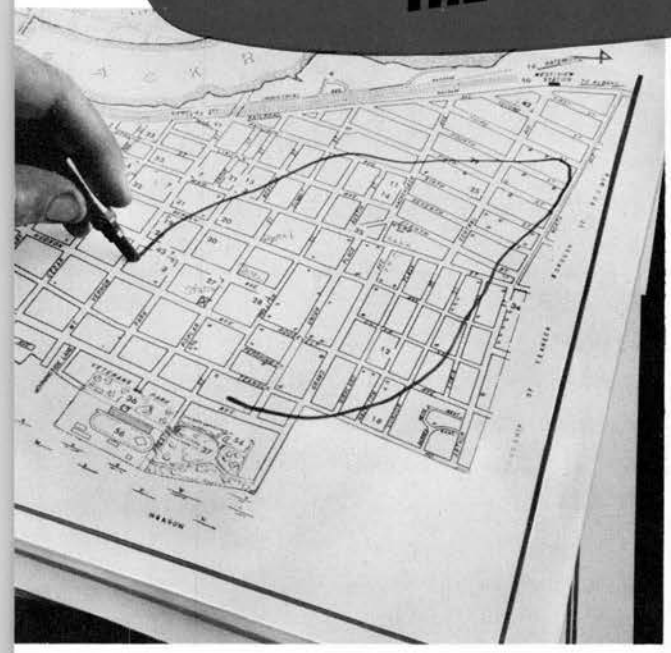
Your Texaco Dealer

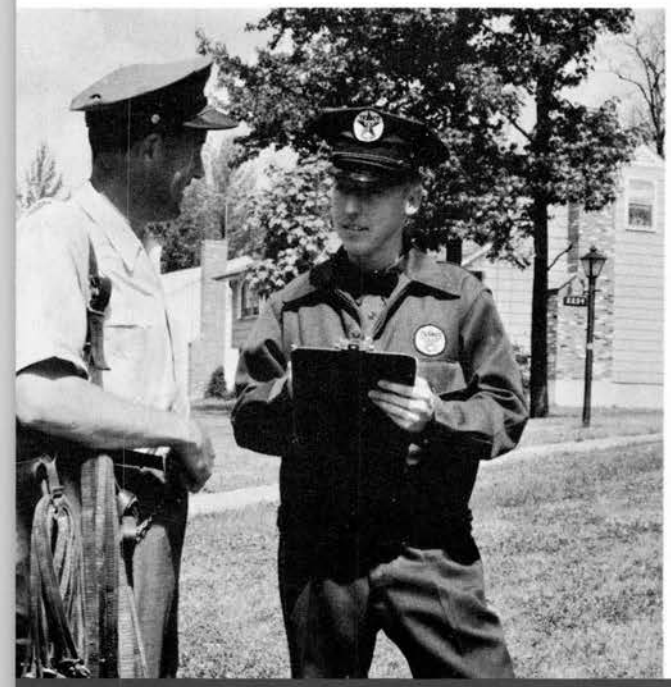
A REMINDER . . .

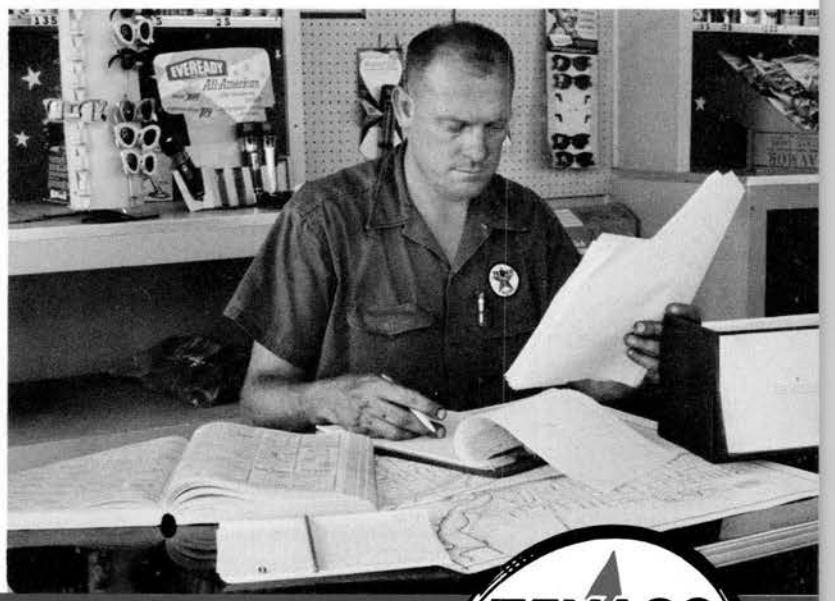
Some dealers have this Texaco Safe-T-Check poster made up and placed in a prominent position in their stations. It reminds them, their employes *and their customers* that some mileage service may be required every time a car is brought in for lubrication. And it reminds them to check the Texaco Automobile Lubrication Guide for these services.



PERSONAL SOLICITATION:
THE KEY TO GROWTH







Selling in the Neighborhood

TEXACO

Personal Solicitation
...*The Key to Growth*

Success in the service station business is not dependent on chance nor a change in the weather—it's dependent for the most part on planning—planning for growth. And while many factors enter into planning, such as service, advertising, civic activities, handbills or specials, direct mail and others — all good—The one factor that has proven to be the most effective and least expensive in the growth of a service station's business is Personal Solicitation.

When talking about Personal Solicitation, or "Selling in the Neighborhood," some Dealers wonder if it's really worthwhile — particularly those who have never tried it.

There are hundreds and hundreds of Texaco Dealers around the country that have built successful businesses by going out and telling their neighbors about their stations and the services they offered. A Texaco Dealer in St. Paul, Minnesota tripled his business in less than eighteen months by just going out and "being neighborly" as he called it. Unusual? Not at all. Another Texaco Dealer in New Orleans, La., starting from scratch in a brand new station is now selling over 37,000 gallons per month. In spite of heavy competition he did it thru Personal Solicitation—telling folks about his station and the services he offered. He just went out and "asked them to buy." And they bought!

Another Texaco Dealer in Lake Forest, Ill. doubled his volume thru an organized, planned Personal Solicitation program.

Isolated cases? Not at all. There are hundreds and hundreds of successful stories like this about Texaco Dealers all over the country. Most of them just go out in the neighborhood with their Lubrication Guide and an S-75 Follow-Up card to tell their story.

Some Dealers say: "Those success stories sound good but everyone knows me—I don't have to go after business." If they checked their neighborhoods they might be surprised at the number of people who don't know them or who remember only vaguely their station. They become part of the landscape.

Then, too, there's the problem of a shifting population. In every town and village people are coming and going. In the last ten years millions of people have moved to new locations. This process goes on all the time. Haven't you ever wondered about a customer that stopped coming in for no reason and when you inquired you found he had moved? Did you get the person who bought his place or rented his apartment — or did your competitor? Sure, you're bound to get a certain number of the newcomers. The convenience of your station and Texaco advertising will attract some. But to get a full share of the business available in your neighborhood you've got to go after it — you can't afford to sit and wait for it to come to you.

Remember, business goes where it is invited and stays where it is appreciated.

Some people may say: "It takes time." Yes, it does. And time is a precious commodity that, in running a business, has a high value. How much is time worth? It's hard to put a value on it but let's see how much a new customer is worth. Maybe then we'll know if he's worth going after.

According to national surveys the average annual gasoline consumption per car in 1956 was over 700 gallons. In consuming this much gasoline each car has a host of services performed, such as oil changes, lubrication, motor tune-up, and items replaced such as spark plugs, radiator hose, oil filters, etc. On a balanced ratio selling basis (that is, selling this customer all the things he wears out and needs, including gasoline, to keep his car in good operating condition), according to The Petroleum Marketer this car owner will gross the Dealer about fifteen cents per gallon. With an average consumption of 700 gallons each customer is worth $105 gross profit per year. Considering, we might not sell him every item a fair value to place on a new customer would be $100.

How much time does it take? It depends. But we do know from actual field studies with many Texaco Dealers, if you make only ten prospective calls a week *and do it every week* you will get a minimum of fifty (50) new customers a year—or an increase in gross profit of $5,000. Only you can judge whether it's worth the time.

Hundreds of Texaco Dealers think so and do their Neighborhood Selling on a Planned, Organized basis.

Set up your own program. The following approach may be helpful:

Planning the Program

Step #1—PREPARE NEIGHBORHOOD MAP

The first step in Planning the Program for "Selling in the Neighborhood" is to get a local street map of your town or city. These are usually available in local stationery stores, town or municipal offices, and, sometimes, in local banks.

It should be large enough for you to easily pinpoint where your customers live. It can be posted from the S-75 cards (Customer Control).

Some Dealers know where their customers live, some say they do, and others have only a vague idea. Locating them on a neighborhood map can be very revealing. You may be surprised where some of your business is coming from.

When the map is completed you will readily see where your primary market is.

The location of shopping areas, industrial plants, recreational facilities, schools, hospitals, motels and parking lots all have an effect upon the flow of traffic that comes near or past your service station. These should also be outlined on your map—if their business is accessible to your station—since they, too, represent prospective business.

Step #2 — OUTLINE YOUR MARKET

Now that the neighborhood map has been completed, showing where your customers live, outline what you feel is the market accessible to your service station.

While it is true some customers you now have live a considerable distance away from the station, in all probability they shop or work in an area convenient to you. Other than transient business most of the business will come from an area surrounding you that makes your service station convenient.

While it is true trading areas vary for different locations, the line you draw around your present business, plus the area you consider accessible, will reveal where the best prospects live. This is your market.

A. DETERMINE POTENTIAL

It's good to know how much business is available in your market; in fact, once this is figured out you may be surprised as to how much there is. There's often a lot more than we suspect.

Today most people have a car. To figure out the number of cars in your market (exclusive, of course, of transient business) take an average street and count the number of houses. In apartment areas estimate the number of units. Total up the number of blocks within the area you feel is your market and multiply by the number of homes or apartment units on an average block or street and you will have a pretty good idea of the number of cars in your neighborhood. It won't be 100% correct but it will be pretty close.

Since the average annual consumption of gasoline per car in 1956, according to the National Petroleum News, was over 700 gallons, multiply the number of cars by 700 and you will have a good yardstick as to the total amount of annual gasoline consumption in your market. Divide this by twelve and you will have the monthly volume.

Example: If there were 3,000 cars in your trading area, consumption annually would be (3,000 times 700 gallons) 2,100,000 gallons. Divided by twelve, monthly consumption would be 175,000 gallons.

Of course, you can't get it all. No doubt you have some competition, too—but, remember a lot of it can be yours just by "asking them to buy." They'll appreciate the interest shown in them.

Step #3—PREPARE PROSPECT LIST

The preparation of a Prospect List is most important. Where are you going to get the names? There are many sources, of course. You can purchase complete car registration lists through the Texaco Direct Mail Program or your TBA supplier. Some cities maintain voter registration lists which are available. In addition, most classified telephone directories under "Mailing Lists" have addresses of firms who specialize in this field.

But don't let the lack of a name list stop you. Just make up a list of the streets you want to cover. You know where your present customers

live. Call on their friends and neighbors—street by street. You'll be amazed at the results.

A. SET UP DIRECT MAIL PROGRAM

Every Texaco Dealer should use a Direct Mail Program. And, remember, Texaco shares the cost with you. Some Texaco Dealers use Direct Mail to introduce them before they call. Others use it in their secondary market—keeping the primary market for personal solicitation. Whatever plan you decide on—use it.

B. USE S-338 CARDS

Many Texaco Dealers make wide use of S-338 Follow-Up cards to introduce them before they make their calls—particularly the "Let's Get Acquainted" card (#S-338-16). And after they've made the call they send out Follow-Up Card S-338-1 —"Thank You for Being at Home When We Called." Then there's the "Welcome, Neighbor" card (S-338-1A) for new residents. Their use is very effective. It's another reminder to the prospect of your station and the services you offer. And it builds confidence in you in the mind of the prospect.

C. LIST PERSONAL CALLS

Now you're ready to prepare a master solicitation list. With this list, if you use it, you can write your own ticket.

Don't forget to include the commercial business in your area—many of these people own a truck or two and a personal car. They buy a lot of petroleum products and services a year. They're prime prospects.

Then, too, there's the industrial plants with their many employes, motels, parking lots, hospitals and professional people (Doctors and Lawyers) who would appreciate knowing about the products and services you sell. Include them, too.

There is no business more personalized than the service station business—go out and talk to your neighbors—you'll be pleasantly surprised to find how easy it is and how welcome you'll be.

What do you say? Just introduce yourself in a nice, easy and friendly manner. Tell them about the services and products you have to offer. Use your Texaco Lubrication Guide and an S-75 Follow-Up Card to explain the peace of mind and convenience you can offer them. Tell them about preventive maintenance — or your Spring or Fall Changeover — or your pick-up and delivery service — or the hours you're open for their convenience. Tell them about the interest you'll take in their car. Tell them about the nationally advertised Texaco products you sell. Talk Benefits.

There are many things to talk about—just keep it simple and make them like you. They will.

Step #4—SET QUOTA OF CALLS

Don't "bite off more than you can chew." But in any plan it's a good idea to give yourself a quota—one that is reasonable and you honestly feel you can handle. Try hard to stick to it. Everyone works better if they have a yardstick to work against. If you feel you can make twenty calls a week—make twenty calls a week. If you feel you can make forty calls a week—make forty calls a week. Whatever you decide stick with it—make it a personal challenge. If you do—you'll be welcoming a lot of new business—business that's "Yours for the Asking."

A. SET DEFINITE TIME TO MAKE CALLS

Set up a definite time each week to make the calls. Perhaps Tuesday and Thursday afternoon from two to four. Or Wednesday evenings. Whatever time you set up plan the work so that you will be able to make the calls according to your schedule.

If you really want that extra business—if you really want to grow and reach the goals you've set for yourself—set a definite time to talk to your neighbors and stick to it.

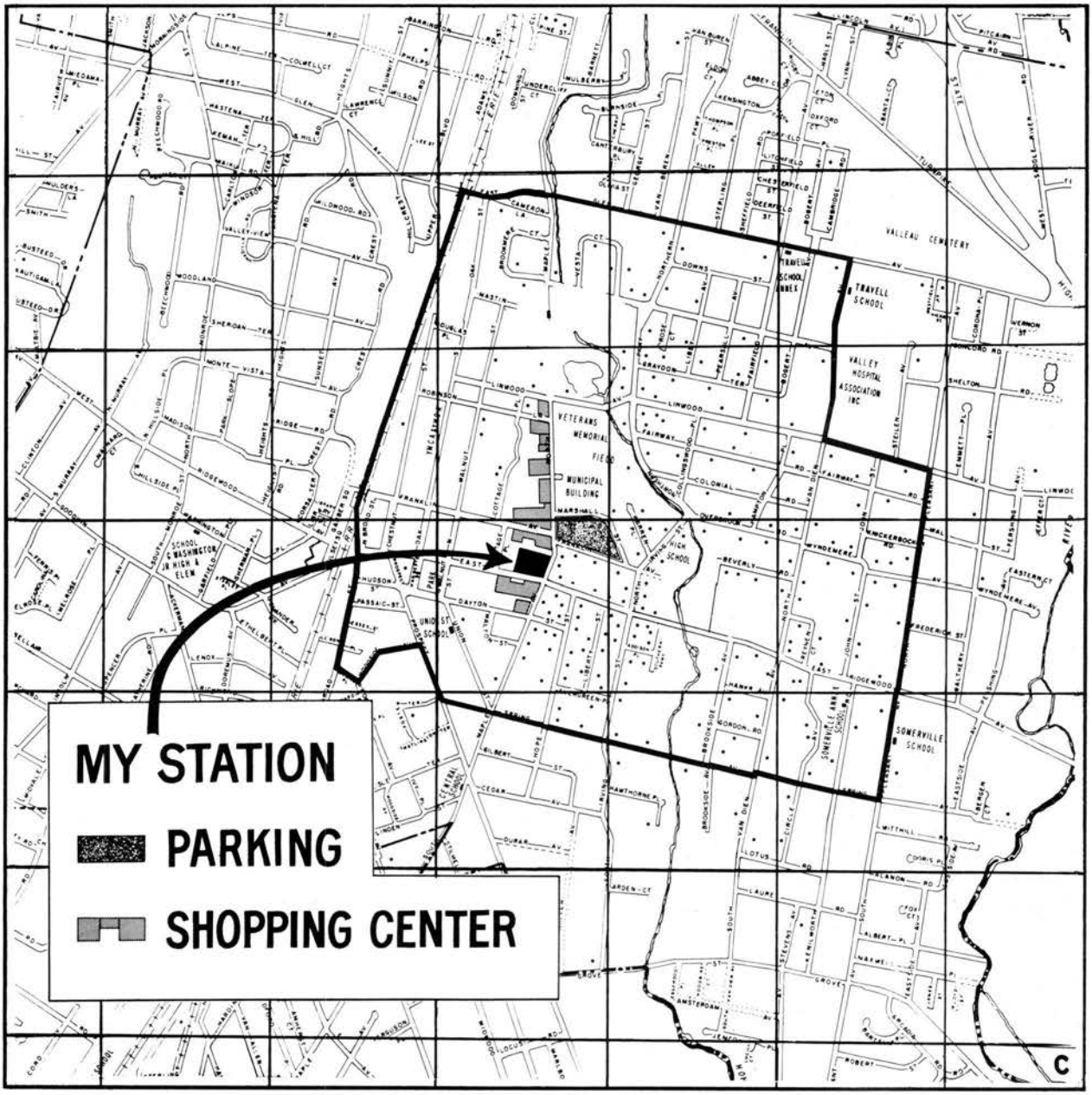
Step #5—RECORD RESULTS ON S-75 FOLLOW-UP CARDS

Results make the effort fun. So record on an S-75 card every new customer that comes in. In that way you'll be all set to send him a "Thank You" card and/or a follow-up card for services he may need. Besides, recording the results of your calls will give you a yardstick on your returns. Instead of getting one new customer for every ten calls you may find you are getting three, four and five. Many Texaco Dealers have had this experience. When you see how effective Personal Solicitation is you may want to increase the number of calls you are making.

Follow the five steps to "Selling in the Neighborhood" and watch your business grow. Remember, "It's Yours for the Asking."

Planning the Program

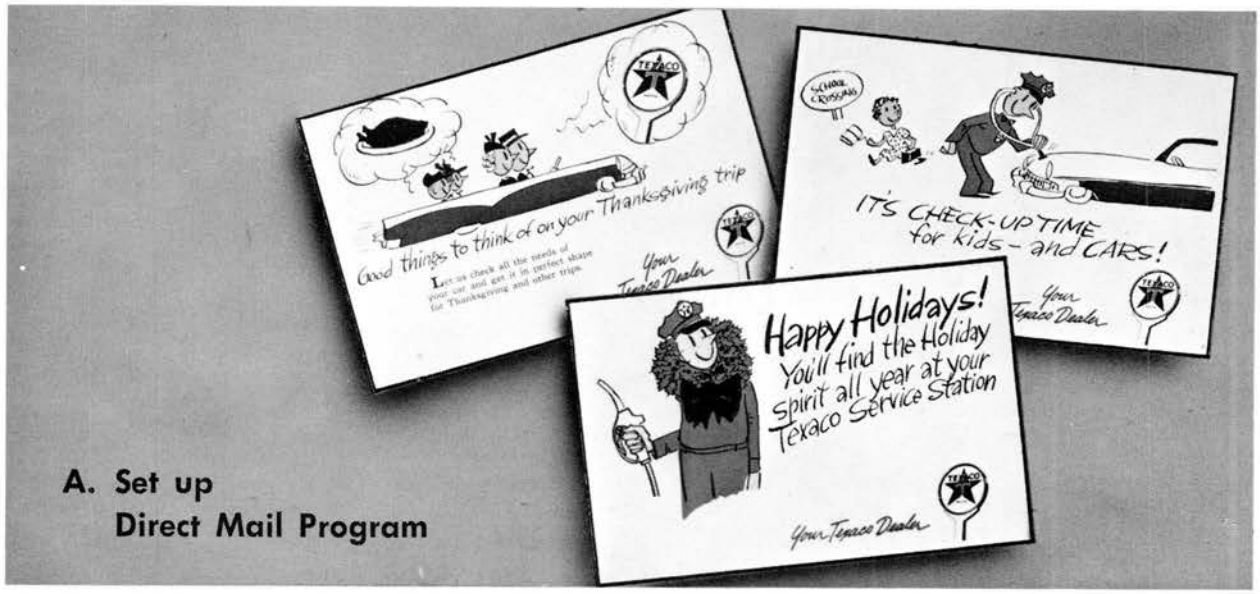
STEP #1: *Prepare neighborhood map*



STEP #2: *Outline your market*

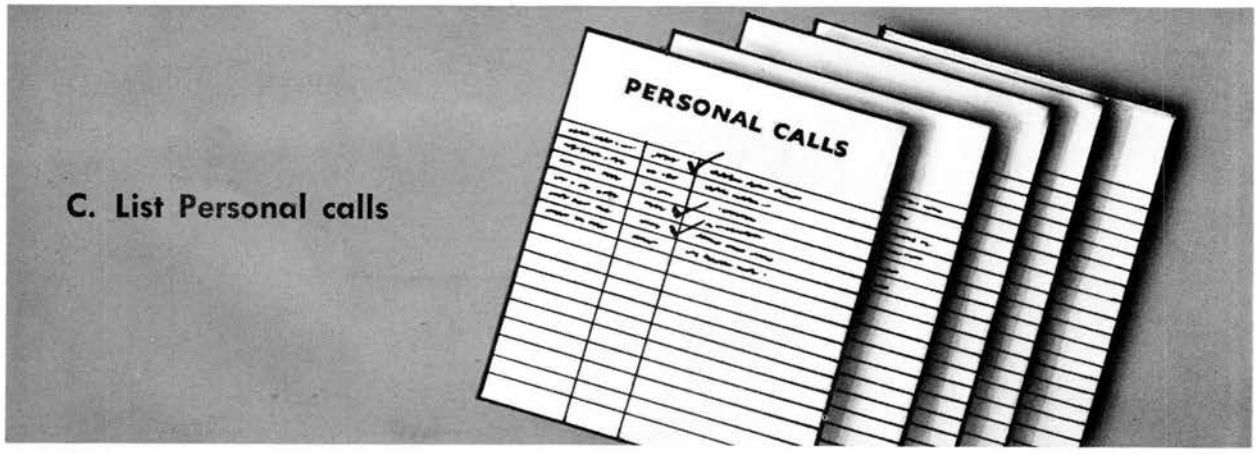
A. Determine Potential

STEP #3: *Prepare prospect list*



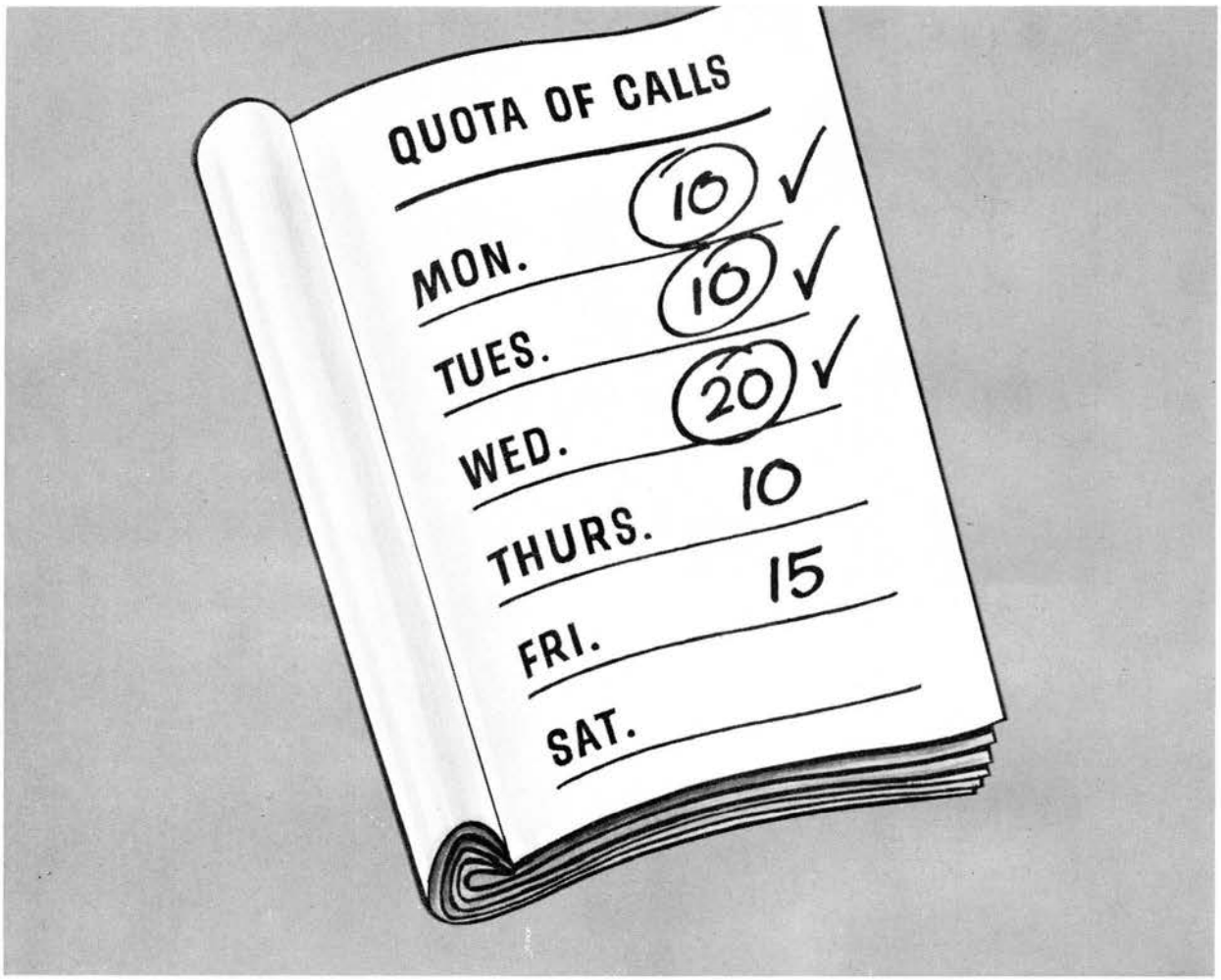
A. Set up Direct Mail Program

B. Use S-338 cards

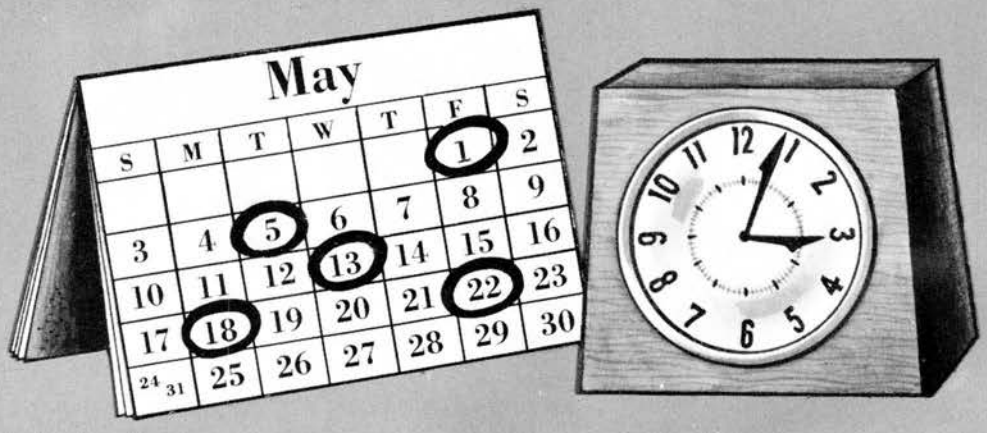


C. List Personal calls

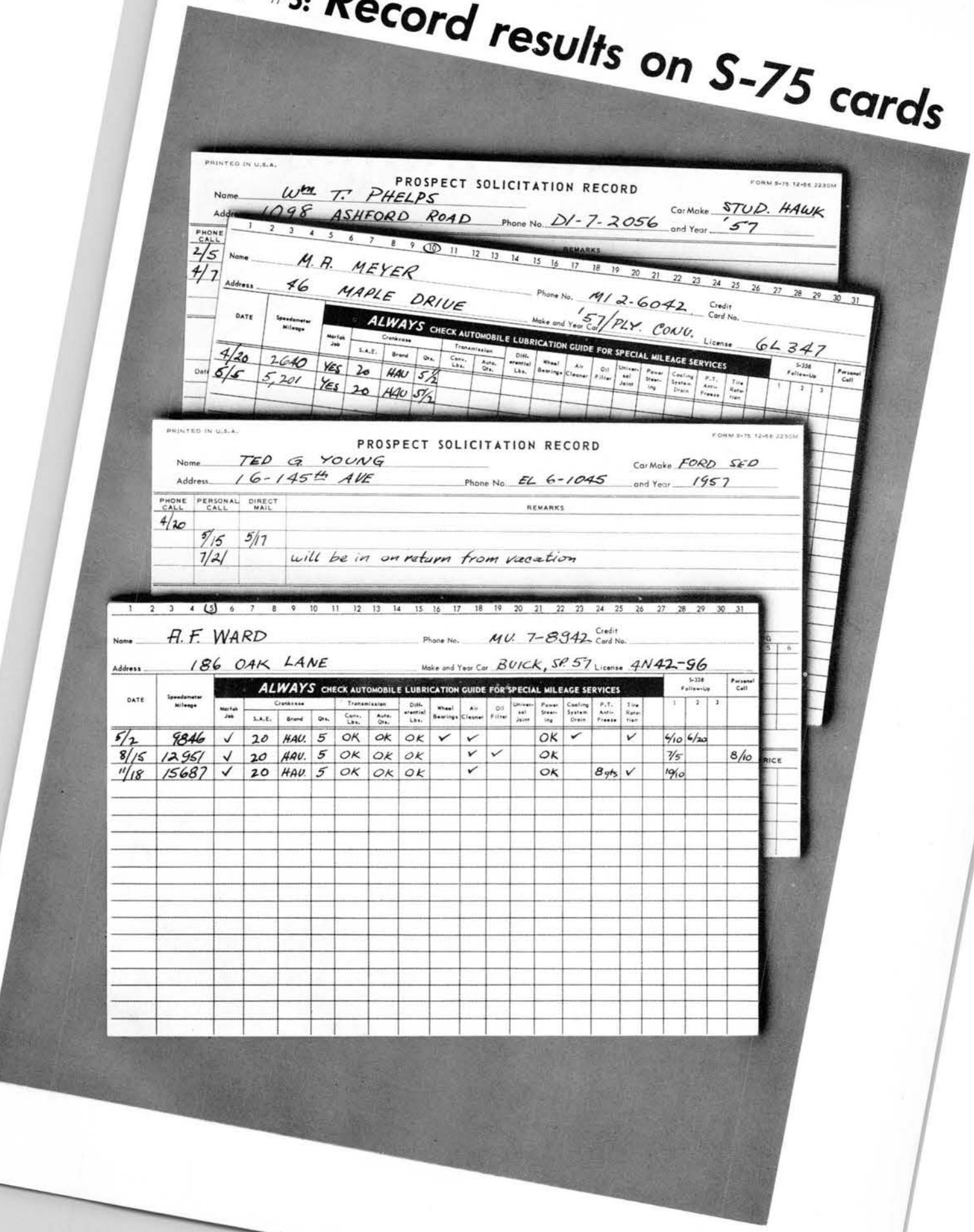
STEP #4: *Quota of calls*



A: Set definite time to make calls



STEP #5: Record results on S-75 cards



Selling in the neighborhood objectives:

QUOTA	DATE	TIME	RESULTS

TABLE XXXVIII

CLASSIFICATION BY MEDIA OF ADVERTISING EXPENDITURES OF SELECTED OIL COMPANIES IN 1961[1]

Per Cent	Total T.V.	Per Cent	Business Publications	Per Cent	Outdoor	Per Cent	Newspaper	Per Cent	Magazine	Per Cent	Total	Per Cent
(4.7)	$1,969,068	(20.0)	$ 370,600	(3.8)	$2,437,659	(24.9)	$3,001,320	(30.6)	$2,038,416	(20.7)	$ 9,817,063	(100.0)
---	1,712,290	(64.6)	-------	----	927,529	(35.0)	10,003	(.4)	-------	----	2,649,822	(100.0)
(6.7)	964,745	(36.7)	370,000	(14.1)	802,906	(30.5)	112,131	(4.3)	377,949	(14.4)	2,627,731	(100.0)
29.3)	3,760,704	(36.3)	410,000	(4.0)	162,686	(1.6)	4,096,767	(39.7)	1,899,544	(18.4)	10,329,701	(100.0)
----	-------	----	-------	---	-------	---	64,270	(100.0)	-------	----	64,270	(100.0)
50.3)	2,929,637	(75.0)	320,000	(8.2)	52,574	(1.3)	------	----	104,332	(15.5)	3,906,543	(100.0)
(2.4)	778,817	(5.6)	265,000	(1.9)	591,752	(4.2)	11,013,193	(79.4)	1,238,903	(8.9)	13,887,665	(100.0)
----	1,362,220	(38.1)	396,000	(11.2)	47,292	(1.3)	1,273,068	(35.6)	490,940	(13.8)	3,569,520	(100.0)
10.0)	3,285,711	(47.3)	1,650,000	(23.9)	1,338,815	(19.4)	634,551	(9.2)	14,600	(.2)	6,923,677	(100.0)
19.0)	2,324,214	(65.7)	177,500	(5.0)	220,560	(6.2)	37,098	(1.0)	779,201	(22.1)	3,538,573	(100.0)
83.0)	9,950,159	(85.3)	731,600	(6.2)	-------	----	207,647	(1.7)	791,500	(6.8)	11,680,906	(100.0)
----	369,740	(39.2)	285,000	(30.3)	-------	----	77,785	(8.3)	208,729	(22.2)	941,254	(100.0)
	$29,407,305	(42.1)	$4,975,700	(7.1)	$6,581,773	(9.4)	$20,527,833	(29.3)	$8,444,114	(12.1)	$69,936,725	(100.0)

	No. of States	Spot T.V.	Per Cent	Network T.V.
American Oil Co.	45	$1,503,280	(15.3)	$ 465,788
Atlantic Ref. Co.	17	1,712,290	(64.6)	-------
Cities Serv. Oil Co.	37	788,570	(30.0)	176,175
Gulf Oil Corp.	37	725,970	(7.0)	3,034,734
Jenney Mfg. Co.	4	-------	------	-------
Mobil Oil Co.	42	964,020	(24.7)	1,965,617
Shell Oil Co.	44	450,260	(3.2)	328,557
Std. Oil Co. (Cal.)	28	1,362,220	(38.1)	-------
Std. Oil Co. (N.J.)	44	2,575,460	(37.3)	710,251
Sun Oil Co.	23	1,651,650	(46.7)	672,564
Texaco, Inc.	50	269,050	(2.3)	9,681,109
Tidewater Oil Co.	22	369,740	(39.2)	-------
		$12,372,510	(17.7)	$17,034,795

[1]Information on Radio Not Available.

Source: National Petroleum News Factbook (mid-May 1962), pp. 66-67.